

## **The complaint**

Mrs H complains about how AA Underwriting Insurance Company Limited (AA) handled a claim under her motor insurance policy for damage to her vehicle in an accident.

Any reference to AA in this decision includes their agents.

## **What happened**

In August 2024 Mrs H reversed into a metal barrier, causing damage to the offside rear of her vehicle. The vehicle was driveable, so she drove home and contacted AA the following day. AA appointed an approved repairer (S) to repair the vehicle. S went to Mrs H's property the next day to collect the vehicle, but it wouldn't start (there was heavy rain overnight). S put the vehicle onto a recovery truck and took the vehicle away, leaving a courtesy car.

Just over a month later Mrs H was told by S that repairs to her vehicle wouldn't be going ahead due to the issue of the vehicle not starting, which they didn't think a result of the accident. S also said Mrs H should get a diagnostic report from a manufacturer dealer to confirm whether the starting issue was accident related. Mrs H also said she was told by S it might be better to have the vehicle written off. S collected the courtesy car and then returned Mrs H's at the beginning of October 2024. S charged a valeting fee for the courtesy car, but Mrs H said her vehicle was returned in a poor condition. Unhappy at what had happened, she complained to AA.

In their final response issued in November 2024, AA accepted they hadn't proactively managed the claim, provided regular updates and there was an excessive delay in reviewing the repair estimate from S. S also failed to tell AA Miss H's vehicle wouldn't start. While they couldn't overrule the engineer's decision, they upheld the complaint. To resolve matters, AA proposed Mrs H arrange a diagnostic test on the vehicle and if the results showed the issue was accident-related, they would cover the cost of any necessary repairs (and the diagnostic test). They would also consider reimbursing the cost of having the vehicle cleaned or valeted. They also awarded £250 compensation.

Mrs H then complained to this Service, unhappy at what had happened, including the actions of S in demanding the return of the courtesy car and asking her to pay a valeting fee. Her vehicle hadn't been repaired, and she was without a courtesy car. Her vehicle was returned in a poor condition, and the battery had sustained damage and wouldn't hold a charge. She wanted the original accident damage repaired and a new battery. She also wanted further compensation for the time matters had taken and the stress and anguish she'd suffered.

Our investigator upheld the complaint, concluding AA hadn't acted fairly. While AA had accepted shortcomings in the service to Mrs H, he didn't think they'd done enough to put things right, up to their final response. But he thought the £250 compensation was fair, taking account of the time the vehicle had been with S, but not repaired, and the issues over the condition of the vehicle (and the courtesy car).

On the repairs to Mrs H's vehicle, the investigator concluded AA hadn't done enough. The circumstances of the accident indicated Mrs H's vehicle had suffered damage which should

be covered under the policy. AA said the vehicle not starting wasn't a result of the accident, which he thought wasn't unreasonable (given the vehicle was initially driven home after the accident). However, the vehicle then not starting wasn't sufficient reason for AA not to repair the damage to the vehicle. AA could have chosen to only repair the damage clearly caused by the accident or pay a sum to cover those repair costs to Mrs H (so she could arrange repairs herself, alongside any other work needed), or decide the vehicle was uneconomical to repair (based on the estimated repair cost of the accident damage only). He thought AA should reconsider the claim in line with the options for the damage caused by the accident.

AA responded to say they didn't disagree with the recommendations but were concerned at the complaint being upheld in favour of Mrs H. They said Mrs H wouldn't accept the issue with the vehicle not starting/the battery issue not being repaired as part of her claim or obtaining a diagnostic report and whether it was accident-related – though AA offered to pay for the diagnostic report and any resulting repairs if shown to be accident-related. On the option of a cash settlement, the estimated repair costs for the damage (excluding any costs associated with the non-starting/battery issue) would be some £1,080 (including VAT) which would mean, after deduction of the policy excess of £450, a net settlement of £630. But such a settlement would have other impacts, such as a fault claim being recorded (for what would be a relatively low settlement).

Mrs H said she simply wanted the accident-related damage fixed and wasn't overly concerned about the non-starting/battery issue (which may have been a result of the overnight rain). She also indicated she considered the option of a cash settlement for the accident-related damage a fair and reasonable approach.

Our investigator considered the points raised by Mrs H and AA, issuing a second view. He maintained his original view the complaint should be upheld, as the option of a cash settlement wasn't offered, and it was a 'change of outcome'.

AA responded to say they disagreed a cash settlement should have been offered sooner. Mrs C, in making her complaint to this Service, had asked AA to cover the cost of replacing the battery, complete the accident-related repairs and increase the compensation awarded. She hadn't requested a cash settlement. Offering a cash settlement for the accident-related repairs would still mean the non-starting/battery issue would be considered non-accident related and require repair prior to any repairs of the accident-related damage. And in recommending a cash settlement, the investigator had moved beyond assessing the complaint to assessing how the claim should be settled. AA thought the complaint should be deemed 'no change in outcome'.

As AA disagreed with the investigator's revised view, so the complaint has been passed to me to consider.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My role here is to decide whether AA have acted fairly towards Mrs H. It's also worth noting that I've considered matters up to and including AA's final response issued in November 2024, not subsequent events.

As set out above, there are several issues in Mrs H's complaint. The key issue is that her vehicle hasn't been repaired for the damage sustained in the accident, because of the issues over the vehicle not starting and/or battery issues. She wants the battery issue resolved alongside repair of the damage sustained in the accident. She also wants compensation for

the stress and inconvenience from what's happened (more than that awarded by AA). AA say they've made a reasonable offer to resolve the issue of non-starting/battery in offering to pay for a diagnostic report and – should the report indicate the issue is accident-related – pay for the necessary repairs and the diagnostic report.

Looking at what happened in this case, from the evidence and information available, I've concluded AA haven't acted reasonably up to the point of issuing their final response in November 2024. I'll set out why I've come to this conclusion.

From what I've seen, including photographs of Mrs H's vehicle, the damage appears minor and cosmetic. And given the vehicle was driven home after the incident and the non-starting issue only arose the following day when S arrived to collect the vehicle, I think it reasonable for AA, based on their engineer's assessment, to conclude the issue wasn't caused by the accident. Mrs H also says she thinks the issue may have been a result of heavy overnight rain after she drove home.

Given a degree of uncertainty, I don't think it unreasonable for S (and subsequently AA in their final response) to say that if Mrs H could obtain a diagnostic report that showed the issue was accident-related, then they would cover the cost of fixing the issue (whether it be a new battery or other repair) and also the cost of the diagnostic report.

However, Mrs H's vehicle was with S for several weeks while – as AA acknowledge – there was a delay in AA reviewing the repair estimate from S. And S hadn't told AA about the non-starting issue. I've also noted AA said in their case notes that the vehicle shouldn't have been collected by S, given the non-starting issue, before it was returned by S without any of the repairs clearly a result of the accident being completed.

And while I don't think AA's offer to reimburse Mrs H for a diagnostic report on the vehicle (and any repairs found to be a result of the accident) is unreasonable, I think they could have done more to resolve the issues and settle the claim. I think it would have been reasonable for AA to have offered a cash settlement to Mrs H to cover the estimated costs of repairing the damage that was clearly accident related (given that they appear unwilling to carry out repairs until the non-starting issue is resolved). Given the figures provided by AA, it would then have been up to Mrs H to decide whether to accept such an offer, bearing in mind the points made by AA about the impact of making a claim and the deduction of the policy excess from any settlement (the excess would have been deducted in any event, had the repairs been carried out by S).

In coming to this conclusion, I've noted what Mrs H has told us, as set out above, that such a cash settlement would be a fair and reasonable approach. I also recognise what AA have said about it being their decision on how to settle a claim, not this Service. But it would be for Mrs H to decide whether to accept the option of a cash settlement (or the offer made by AA in their final response about a diagnostic report and any consequent repairs shown to be accident related).

I've also considered the issue of compensation. I've noted what AA acknowledge in their final response about how they hadn't proactively managed the claim, provided regular updates and an excessive delay in reviewing the repair estimate from S. S also failed to tell the AA Miss H's vehicle wouldn't start. And S had Mrs H's vehicle for several weeks before contacting her to say they would return it (and her return the courtesy car) without repairs being carried out. So, I've concluded there were avoidable delays and lack of communication with Mrs H, together with no repairs being carried out on her vehicle.

AA awarded £250 compensation for what happened, and I've considered this in the context of the circumstances of the case alongside the published guidelines from this Service on

awards for distress and inconvenience. I've concluded AA's award is fair and reasonable, so I won't be asking them to make a further award. But if they haven't already made payment (their final response states they have raised payment of the compensation through a cheque) they should now do so.

AA have also offered to pay for Mrs H's vehicle to be valeted, given what she's said about its condition when it was returned to her. I think that's fair and reasonable.

### **My final decision**

For the reasons set out above, my final decision is that I uphold Mrs H's complaint. I require AA Underwriting Insurance Company Limited to:

- Reconsider the claim, including the option to offer Mrs H a cash settlement for the repair of the damage clearly the result of the accident, along with the other options (including their offer to cover the cost of a diagnostic report and any further repairs shown to be accident related from the diagnostic report).
- Pay Mrs H £250 compensation for distress and inconvenience (if they haven't already paid the sum).

If they haven't already paid the compensation, AA Underwriting Insurance Company Limited must pay the compensation within 28 days of the date we tell them Mrs H accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 10 July 2025.

Paul King  
**Ombudsman**