

The complaint

Ms B has complained that her motor insurance broker Automobile Association Insurance Services Limited (AAIS) didn't handle her claim properly following an accident.

What happened

Ms B was involved in a road traffic accident on 10 January 2023. She reported it to AAIS on the same day. However, it referred her to an accident management company as it thought she wasn't at fault for causing the accident. Ms B found this caused her a great deal of confusion as she didn't know who was responsible for helping her.

The accident management company then decided it couldn't take Ms B's claim forward, so they referred her claim back to AAIS. However, AAIS didn't refer the claim onto Ms B's motor insurers until 7 March 2023 which caused a significant delay in processing her claim. AAIS paid her £200 compensation.

Ms B remained confused as to who was handling the matter for her and she also had problems with her insurer. AAIS also referred Ms B to a firm of solicitors who were supposed to be handling her personal injury claim. But they didn't handle this claim and merely closed her file.

Confused and very distressed Ms B brought her complaint to us. The investigator ultimately upheld the complaint against AAIS and said the referral to the accident management company as in the credit hire referral wasn't made with the right level of advice and there were unwarranted delays so she thought AAIS should pay a further £250 compensation.

The investigator is also going to help Ms B with her complaint concerning her motor insurer.

AAIS didn't agree so Ms B's complaint has now been passed to me to decide.

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.

Having done so, I'm upholding this complaint along the same lines as the investigator. I'll now explain why.

When Ms B phoned AAIS to report her accident and register the claim, I would have expected AAIS to first note how upset Ms B was. We also expect anyone referring a policyholder to a claims management company to clearly explain both the risks and benefits of the policyholder dealing with their claim in this way.

The policy and other documents given to Ms B by AAIS doesn't explain this course of action might be taken or indeed what it comprised of.

I've also listened to the call recording between Ms B and AAIS on 10 January 2023. Whilst I can see AAIS thought the claim wouldn't be Ms B's fault and the adviser provided two options for Ms B to deal with her claim. This included that if she used her own insurer, she would have to pay an excess. However, I didn't hear that the adviser clearly detailed the disadvantages of using an accident management company. Those disadvantages can be that the person at fault for causing the accident can change when the circumstances are fully investigated, and/or that she could be liable for the hire or repair costs consequently, and that if things went wrong, she wouldn't have the option of using any alternative dispute resolution service either.

Instead, AAIS should have first gone through Ms B's cover that she had with her own insurer and explained it to her. And then explained what it meant to use the services of the accident management company clearly outlining both the benefits and the disadvantages.

What I did hear on the call was that the adviser concentrated on the benefits whilst ignoring the disadvantages of using an accident management company. I don't consider this was giving Ms B a balanced view of her options. It was never made clear to her that she would be stepping away from the protection that her motor policy with her insurer gave her either. It's clear from the call recording that Ms B wasn't sure how to proceed as she asked the adviser which option should she choose. The adviser then effectively persuaded her that using the accident management company was of more benefit to her. So that was what Ms B chose.

I don't consider AAIS conducted this part of its advice to Ms B as it ought to have done. This was also our stance on these matters long before the Consumer Duty came into force too. Therefore, I don't consider it was fair and reasonable for Ms B.

It turned out the referral to the accident management company was of no benefit to her because the accident management company refused to pursue her claim and passed it back to AAIS. It did this on 25 January 2023. However, then AAIS didn't do anything with it. Ms B contacted AAIS on 7 March trying to find out what was going on and it was only at that stage AAIS then contacted her motor insurer, who didn't know Ms B had been involved in any accident on 10 January.

This then caused an unwarranted delay for Ms B in sorting out her claim. AAIS recognised this and paid Ms B £200 compensation.

However, by this stage Ms B was very confused since there were now several different businesses involved in her claim, AAIS, her insurer, the accident management company, and the solicitors supposedly dealing with her personal injury claim. She kept being asked to provide the same information several times too.

Given I think AAIS should have been much clearer in detailing the advantages and indeed disadvantages of using an accident management company in the first place, I consider it greatly added to Ms B's stress, frustration, and confusion which I don't consider is fair. Therefore, I agree that AAIS needs to pay Ms B further compensation. I consider the amount of £250 as suggested by the investigator to be fair and reasonable and in line with our approach to compensation which is more fully detailed on our website. So, I consider this should be paid in addition to the £200 it already paid making the total compensation to Ms B to be £450.

My final decision

So, for these reasons, it's my final decision that I uphold this complaint.

I now require Automobile Association Insurance Services Limited to pay Ms B a further £250 compensation making the total to be paid to her being £450.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 3 July 2025.

Rona Doyle
Ombudsman