

The complaint

Mr B complains about the service he got from AA Underwriting Insurance Company Limited and the way it dealt with a claim made on his motor insurance policy.

What happened

Mr B reported to AA that his car had knocked the bumper of a stationary van when he was reversing into his driveway. He said he didn't want to make a claim on his policy as the damage was minimal. AA said it would have to deal with any claim made by the other party to the incident. Mr B said he didn't want it to do so without consulting him. Later he found that (after an inspection of both vehicles by an independent engineer) AA had paid the other party £1,138 for the damage to the van. He told AA the engineer had told him the damage to the van wasn't consistent with the circumstances of the accident. He also said the van hadn't been repaired - and he said AA hadn't replied to many of his emails.

Mr B told us that although the other party had made a fraudulent claim, AA hadn't challenged it, despite prompting from him. So he wanted it to remove the notice of the fault claim from his record and pay him £2,000 compensation. That sum included the amount paid to the other party, plus the cost of the increased premium payment arising from the fault claim, and compensation for the inconvenience caused to him by AA's actions. AA had said it was entitled to decide how to settle any claim on the policy, regardless of Mr B's wishes. It had also said the independent engineer found the damage to the other party's car was consistent with the accident. But it had accepted it hadn't replied to all of Mr B's emails and apologised.

Subsequently, one of our Investigators reviewed Mr B's complaint. She thought AA had recorded a fault claim against Mr B correctly and confirmed that it was entitled to decide how to settle the claim. She said the independent engineer's report showed the damage to the vehicles was consistent - and that there was no supporting evidence of the engineer having said something different to Mr B. She noted that AA had paid the other party £1,138 cash in lieu of paying for repairs. She said it was for the other party to decide how to use that sum. In the Investigator's view, AA should have acknowledged Mr B's emails, but it didn't need to act on what he'd said in them. So she thought the apology it had given him was sufficient.

In subsequent correspondence (and in a telephone call) Mr B explained his position in more detail and the Investigator clarified her view. They spoke about the independent engineer's findings and the costings in his report. After that, as Mr B still wanted an ombudsman to review his complaint, it was passed to me.

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.

AA's right to settle the claim

In line with standard industry practice, the policy gives AA the right to settle a claim as it sees fit. We only interfere with an insurer's exercise of that right if we think it has acted unreasonably. In this case, the nature of the accident meant Mr B was at fault. That meant not only did he have the right to claim on his policy, but the other party did too.

In these circumstances, most insurers offer their services to the other party. It means they can control the cost of any claim, and in most cases, savings are made. Had AA *not* offered its services, the other party is likely to have asked their insurer to deal with the claim and it would have recovered its costs from AA. So Mr B would still have had a fault claim on his record. He would have preferred to settle the matter privately, but once it was clear that wasn't going to happen, even though Mr B decided not to make a claim, he couldn't stop AA paying for the damage he'd caused to the other party's van.

I understand why Mr B thought the damage to both vehicles was minimal, as that appeared to be the case. But I don't think his instructions to AA not to pay for the damage to the van were something it needed to act on. All AA had to do in terms of reasonableness was to establish whether there was any accident-related damage to the van and to determine the cost of putting it right. It did that by instructing an independent engineer to assess both vehicles. So although it must have been frustrating for Mr B not to get a response to his instructions and requests on the issue, it made no difference to the outcome.

The Independent Engineer

I think AA acted reasonably in appointing a firm of independent engineers to assess the damage to the vehicles and then acting on his opinion. We usually give great weight to the views of such engineers. They are experts in their field, and their ultimate duty isn't to the insurer, but to a court, should the matter they advise on be contested. In my experience, if they don't think a claim is valid, or they consider the damage to a vehicle is inconsistent with the circumstances of an accident, they say so in their report, giving reasons for their view.

In this case, I think the engineer's report was clear. He said the degree and height of the damage on both vehicles was similar, and that there was consistency between them. He set out the exact nature of the damage to them and concluded that it would cost £1,404.90 to repair Mr B's car and £1,366 to repair the van (including VAT). I don't think there's anything to show that the other party's claim was fraudulent or inflated. The independent engineer decided what sum was needed to put matters right. And he said the damage to Mr B's car (which he sees as minimal) would have cost slightly more to repair.

Based on the cost of repairs I've seen in numerous other cases, I think the sums above confirm that the engineer only found light damage to the vehicles. Mr B may have found cheaper quotes to repair his car, but they wouldn't have included all the extra items included by the engineer, who based the figures on approved repairers' procedures and rates.

I think it was reasonable for AA to offer the other party repairs or allow it to take a payment in lieu of repairs, based on the sum determined by the independent engineer. The second option was cheaper for AA, as it didn't include VAT. If a consumer accepts a payment in lieu of repairs, there's no obligation on them to use it to have their vehicle repaired. Some consumers choose to take the money and have inferior repairs done – or they don't repair their vehicle at all. The point is that AA discharged its duty to the other party in line with the findings the independent engineer presented to it.

Mr B says the engineer told him the damage to the vehicles wasn't consistent. But AA could only consider the content of the engineer's report, as it was the only available evidence. I don't think it needed to ask him (or another engineer) to inspect the vehicles again (even

though Mr B offered to pay for it). Mr B could have instructed an engineer himself - but based on all the evidence I've seen, I think it's unlikely to have made a difference.

Impact on Mr B

As the incident was reported to AA and was recorded as a fault claim, Mr B's premium rose and is likely to be affected for the next few years. Unfortunately, there's no way around that. I think AA acted correctly in recording the claim as it did, so I can't ask it to make any changes to the record. Mr B says his finances are tight, so it must be hard for him to be facing the prospect of higher premiums in the medium term, and I sympathise with him. But Mr B can always shop around for policies, as some insurers may charge less than others for one fault claim of this type. In my opinion, the sum recorded on the claim is unlikely to make much (if any) difference to the premium, as the fault claim itself is normally the rating factor.

The lack of timely replies to Mr B's emails clearly caused him some upset. And he told us that given his 15 years as a policy holder with AA (and no claims until this point) the way it handled this matter didn't make him feel like a valued customer. I can understand why Mr B felt that way. I think AA should have acknowledged his emails promptly - and it would have helped had it provided explanations to him regularly along the way. Mr B told us he's not particularly aggrieved by the lack of response to his emails, although he also said an apology doesn't make up for it. But in my opinion, AA's apology is sufficient.

In summary

Although I understand the frustration Mr B experienced, and the inconvenience of having to contact AA to chase up responses, I think much of that arose from his understanding of the situation at the time. I think AA could have helped with that, had its communication with Mr B been better. But I don't think it did anything substantially wrong, so it follows that I can't uphold Mr B's complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 September 2025.

Susan Ewins

Ombudsman