DRN-5641251

The complaint

Mr P has complained after he made a claim under his Guaranteed Asset Protection ("GAP") insurance policy with AXA France IARD (AXA).

AXA have delegated the claim and complaint management for Mr P's case, but for ease I will refer to all actions and comments as those of AXA.

What happened

Mr P holds a GAP policy with AXA. After his vehicle was involved in a fire and written off by his motor insurer, who I'll call C, he made a claim on his GAP policy.

AXA declined Mr P's claim. It relied on an exclusion for fraudulent claims. It therefore said there was no cover provided.

Mr P didn't think this was fair and complained. But AXA didn't change its stance. So, Mr P brought his complaint to us. He wanted AXA to reconsider the claim.

Our Investigator recommended it be upheld. They said they weren't persuaded AXA had done enough to fairly rely on the exclusion and that they had caused distress and inconvenience through poor claim handling including delays. They recommended AXA reconsider Mr P's claim and pay him £200 compensation.

Mr P didn't respond to the assessment and AXA didn't agree and asked for an Ombudsman's decision.

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.

Mr P's policy intends to provide cover for any shortfall between the amount Mr P's motor insurer pays out (following a total loss after damage, fire or theft) and the outstanding balance on the finance agreement (up to any policy limit). However, it includes an exclusion for fraudulent claims. An exclusion that AXA are attempting to reply on here.

Mr P says that in December 2023, he experienced a flat tyre which he couldn't resolve for various reasons, and so had to leave his car where it was. He says it was subsequently destroyed in a fire.

AXA have raised what they say are several inconsistencies with Mr P's version of events. Which they think are sufficient for them to rely on the exclusion for a fraudulent claim. These include the account of a rapid tyre deflation being implausible, insufficient reason for Mr P being in the area at the time, implausible reason for why the wheel nut wasn't in the car at the time and why it couldn't have been got or brought by Mrs P. They also raised inference from Mrs P's refusal to provide a statement and from financial checks showing a potential motive and incentive from the claim for Mr P.

Our Investigator didn't think AXA had done enough to rely on the exclusion and I agree. I say this because:

- Mr P has argued tyres can deflate quickly and I agree. AXA haven't provided any evidence as to what the tyre issue was and why the quick deflation couldn't have happened.
- Mr P has provided a reasonable account of his whereabouts at the time and why the wheel nut wasn't in the car when he got the flat tyre.
- There were several discrepancies in the responses from AXA, including stating that the policy was "*just a few days before the end of the GAP policy term*". When in fact, it had over three months left on the term.
- Refusal to engage with two witnesses Mr P gave details for, citing potential lack of trust. One was potentially able to corroborate Mr P's whereabouts on the day. The other was said to be the first on the scene following the fire and called the emergency services. This would suggest they were a key witness, but no attempts were made to contact them.
- AXA have instead only attempted to contact Mrs P for a statement. Whilst I can see why they would have wanted to do this, I agree with Mr P that her refusal to participate voluntarily does not inherently imply misconduct or fraud on his part.
- Whilst AXA have shown a potential financial incentive to Mr P from the claim, he has shown that he was able to afford the outstanding balance on the finance agreement.

There has also been some poor claim handling including delays and inaccuracies. This has had an impact on Mr P and his claim and caused him distress and inconvenience. I agree that £200 compensation for this is fair in the circumstances.

In conclusion, Mr P has asked for AXA to reconsider his claim and I agree with the investigator, that this would be the right thing to do. There hasn't been enough evidence provided to rely on the exclusion and decline the claim. AXA should also pay Mr P the compensation of £200 for poor handling of the claim and delays.

My final decision

My final decision is that I uphold this complaint. AXA France IARD should reopen and reconsider Mr P's claim and pay him £200 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 15 September 2025.

Yoni Smith
Ombudsman