

## **The complaint**

Ms P complains about Automobile Association Insurance Services Limited (AA) issuing documents under her motor insurance policy showing a claim made in respect of the theft of her vehicle as a non-fault claim, then issuing documents recording the claim as a fault claim.

References to AA in this decision include their agents.

This decision covers Ms P's complaint to this Service about AA, as the broker responsible for the sale and administration of the policy. It doesn't cover the insurer of the policy (A), a separate business (also part of the AA group of companies) who determined that the claim should be recorded as a fault claim. Their actions are the subject of a separate complaint to this Service by Ms P. This decision includes mention of the claim and its recording as a fault claim to provide context for what happened in this case.

## **What happened**

In January 2024 Ms P's vehicle was stolen, while parked outside a friend's house. Ms P reported the theft. While the vehicle was recovered three weeks later, A settled the claim based on the vehicle being a total loss.

AA subsequently issued updated insurance documents in April 2024 following a mid-term adjustment to the policy. The documents recorded the claim for the theft of Ms P's vehicle as non-fault. However, when the policy subsequently came up for renewal in November 2024 the claim was described as 'theft' and in response to a question 'At fault?' the answer was 'Yes'. Ms P was told that, as the claim was due to theft, there was no third party from whom A could recover their outlay on the claim. AA subsequently wrote to Ms P in March 2025 confirming the claim was classed as a fault claim.

Ms P then complained, unhappy at the claim status being changed from non-fault to fault, saying the theft was through no fault of her own.

AA issued a final response in March 2025, which didn't uphold the complaint. They apologised for issuing documents incorrectly stating the claim was non-fault. AA added that in relation to insurance, the term fault related to those where the insurer of a policy covered the cost of a claim, the claim must be declared as a fault claim. This was standard practice for the insurance industry.

Ms P then complained to this Service. She said her vehicle was stolen through no fault of her own. The claim being recorded as fault claim (as opposed to being previously recorded as non-fault) meant her premium had increased. She wanted her premium to be based on the claim being recorded as non-fault and reimbursed any difference.

Our investigator upheld the complaint, concluding AA hadn't acted fairly. She noted AA accepted they'd issued insurance documents that incorrectly showed a non-fault claim, when it should have been recorded as a fault claim. The investigator thought this would have been concerning for Ms P and led to a loss of expectation. She'd had to contact AA to discuss the

matter, before amended documentation was issued. The investigator concluded a small amount of compensation (£50) should be made by AA to put things right.

AA disagreed with the investigator's view and asked that an ombudsman consider the complaint. There had been an error when the insurance documents they issued showed the claim as non-fault. But the error had been corrected and a full apology offered to Ms P, with minimal contact from her. The error also meant Ms P paid a reduced premium for a year, which they hadn't requested be repaid, so Ms P had not been impacted financially. AA thought an apology and swift action to correct the error was a fair resolution.

### **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 Ms P.

The key issue in Ms P's complaint against AA is their issuing insurance documents incorrectly showing the claim as a non-fault claim, then issuing documents showing the claim as a fault claim. AA say the incorrect documents were issued because of an error.

As set out above, this decision doesn't cover the actions of the policy insurer (A) who designated the claim as a fault claim, whereas Ms P believes the claim should be recorded as non-fault as she was in no way at fault for the theft of her vehicle. That is the subject of a separate complaint to this Service (against A as the policy insurer).

Looking at what happened in this case, the theft occurred in January 2024 and was subsequently settled (by A as the insurer) based on the vehicle being a total loss. Updated insurance documents were issued by AA in April 2024 as the result of a mid-term adjustment to the policy. While I haven't seen a specific reason for the issue of the documents, it could be they reflected Ms P acquiring a replacement vehicle for the one stolen (the registration of the vehicle recorded in the mid-term adjustment documents differs from that of the vehicle that was stolen).

Whatever the reason, the documents issued show the claim for the theft of the vehicle as 'non-fault'. AA say their system made an error when pulling through the claim data which meant the claim showed as non-fault.

AA say the error didn't have a detrimental impact on Ms P as a non-fault claim is rated lower than a fault claim and that she paid a lower premium for a year. The mid-term adjustment document issued in April 2024 states that because of the change, a refund of £23.95 is due. The document doesn't state the reason for the refund, so it's not possible to conclude whether it was the result of the claim being recorded as non-fault (though any claim, whether recorded as non-fault or fault would have been likely to mean an increase in premium, not a decrease). Or whether it was due to a different vehicle being covered. In any event, the premium would have been set by A as the insurer based on their assessment of the impact of the mid-term adjustment.

From the evidence available, I've not seen anything between the mid-term adjustment documents and the subsequent renewal invitation issued in October 2024 that indicated the claim was being recorded as a fault claim.

While the issue of premiums and their changes over the period is one for the insurer of the policy, what I think is the case is that the mid-term adjustment document indicated to Ms P the claim was being treated as non-fault, which accorded with what she thought it should be, thinking she was in no way at fault for the theft of her vehicle. So, she formed an expectation

that is how the claim was being treated, only to find out it was being treated as a fault claim when she received the renewal invitation in October 2024 and subsequent letter from AA in March 2025 as well as their final response the same month.

Having the claim confirmed as a fault claim would have meant a loss of that expectation, which I've concluded would have meant a degree of distress and inconvenience. As that loss of expectation was due to the error in the mid-term adjustment documents issued by AA, then I've concluded they haven't acted fairly.

I've considered this along with the circumstances of the case, against the published guidelines from this Service on awards for distress and inconvenience. I don't think the loss of expectation would have been significant, so I think £50 compensation for distress and inconvenience would be fair and reasonable.

### **My final decision**

For the reasons set out above, it's my final decision to uphold Ms P's complaint. I require Automobile Association Insurance Services Limited to:

- Pay Ms P £50 compensation for distress and inconvenience.

Automobile Association Insurance Services Limited must pay the compensation within 28 days of the date we tell them Ms P 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 Ms P to accept or reject my decision before 6 October 2025.

Paul King  
**Ombudsman**