

The complaint

Mr K complains about the response of AA Underwriting Insurance Company Limited ('AA') to his motor insurance claim.

AA are the underwriters (insurers) of this policy. Much of Mr K's dissatisfaction relates to the actions of agents that were acting on behalf of AA. As AA have accepted responsibility for their agent's actions, any reference to AA in this decision should be interpreted as covering the actions of their agents.

What happened

The background to this complaint is well known to Mr K and AA. I won't repeat in detail what's already known to both parties, instead, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

In December 2024, Mr K made a claim on his motor insurance policy with AA after his car was hit by a third-party lorry. AA accepted the claim and Mr K's car was taken in for repairs. Mr K expressed dissatisfaction with the quality of repairs and remedial repairs were arranged. Around the same time, AA reassessed the car and the nature of the damage being claimed for. They concluded that much of the damage being claimed for likely wasn't related to the claim event, was pre-existing and said no further repairs would take place.

Mr K raised a complaint about the response of AA, damage caused by a salvage agent acting on their behalf and the service provided. AA partially upheld it and offered Mr K £300 to recognise that the service provided could have been better. Mr K referred his complaint to our Service for an independent review. Our Investigator considered the complaint and recommended that it be partially upheld. As the dispute remains unresolved, it's been referred to me for a final 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

My role in this complaint is to decide if, on balance, AA have fairly considered and responded to this claim in line with the policy terms. It's not my role to assess the damage or determine the proximate cause of that damage.

AA have conceded that things didn't happen as they should have during their response to this claim. In their final response letter they offered £300 for the claim response being 'unacceptably slow' due to poor communication and delayed decision making. They also later accepted our Investigator's recommendations to increase this compensation to £500.

Mr K is unhappy with not (at the time of complaining) being reimbursed for non-insured losses – primarily transport costs and loss of earnings. I understand that AA have referred these losses to the third-party insurer and I won't comment further on this point as this is what I'd have expected to happen.

There's no doubt that AA have avoidably let Mr K down when responding to this claim. I find the total of £500 compensation as recommended by our Investigator to be fair, reasonable and proportionate – relative to the impact on Mr K. I say this having carefully considered the impact on Mr K alongside our published guidelines for these types of awards. More information can be found here: <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or-inconvenience>

After some questions about the extent of the damage being claimed for, AA had an independent assessor inspect the car. Given the allegations about unresolved damage made by Mr K, I find this was an appropriate step. The report concluded that much of the outstanding damage Mr K wanted repaired was likely unrelated to the claim event, including an engine management light. Mr K has disputed this, but also not provided any sufficiently persuasive evidence that undermines the findings of the report. Therefore, it was reasonable of AA, based on the available evidence to limit indemnity to damage caused by the claim event.

From AA's internal notes, it's clear they accepted damage had been caused to the car by their salvage agent in early March 2025. It's therefore very disappointing that AA didn't arrange a repair for this damage and Mr K ultimately had to arrange his own repair. AA have now agreed to consider and reimburse Mr K (subject to reasonable proof), his expenses incurred as a result of damage caused by their salvage agent when recovering the car. I consider this fair and reasonable.

Mr K has recently told us that there are various issues with the work carried out by AA. This includes paintwork variances, warning lights, issues with the boot and the spoiler on the car. Mr K can present evidence of these issues to AA for their consideration, but given the time that's passed since the initial repair was done, it may now be difficult for Mr K to show that these issues are because of a poor repair and not new issues that have occurred since.

Putting things right

AA Underwriting Insurance Company Limited will need to:

- Pay Mr K a total of £500 compensation to recognise the available distress and inconvenience caused by their failings. Any compensation already paid can be deducted from the total of £500.
- Reimburse Mr K for his outlay incurred because of repairs carried out as a result of damage caused by their salvage agents. This will be subject to Mr K providing reasonable proof of his outlay and AA being satisfied the damage occurred during recovery of the car. 8% simple interest per annum* should also be added to any settlement. This is to compensate Mr K for being out of pocket and is to be calculated from the date Mr K paid for the repairs until the date any updated settlement is made.

If AA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I partially uphold this complaint.

Subject to Mr K accepting my decision before the deadline set below, AA Underwriting Insurance Company Limited will need to follow my direction as set out under the heading *'Putting things right'*.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 19 November 2025.

Daniel O'Shea
Ombudsman