

The complaint

A limited company, which I will call M, has complained about the handling of a claim under its motor fleet policy with AXA Insurance UK Plc

Mr P, as director of M, has brought the complaint on its behalf.

What happened

At end September 2024, one of M's employees was involved in a road traffic accident. M's driver was following behind a car driven by a third-party (which I will call B). B collided with a car in front of them (which I will call C). After B had come to a sudden stop, M's driver then went into the back of B and shunted it into the other car (C) again.

B's insurer contacted AXA to claim for the damage done by M's driver. AXA agreed in discussions that it would accept liability for the damage done to the rear of car B, 50% of the damage to the front of B and 50% of the damage to car C. It set a reserve for the potential costs. B's car was declared a total loss, so AXA proposed a deduction from the total loss value for the damage that would have been caused by the first collision to the front. It is unclear whether the claim is still unsettled but I can see in mid-2025 B's insurer was chasing payment.

In the meantime, M's policy renewed and because the claim was recorded as being open, the premium increased significantly. M is very unhappy with this and with the reserve set for the claim.

Mr P says that there was only a damaged bumper clip to M's vehicle and its driver had only lightly nudged car B, so does not accept that the repair costs claimed are reasonable. He says AXA has not conducted the claim with due diligence.

AXA does not accept it has done anything wrong. It says the reserve on the claim was appropriate given the circumstances of the claim and, as the claim was still open, this would result in an increase in premiums. AXA said it was satisfied from the evidence provided that the second impact from M's car was more significant than the first impact between B and C and the legal costs of disputing the claim would not be justified.

As Mr P remained unhappy with AXA's response to the complaint, he referred the matter to us.

Mr P has made a number of points in support of the complaint, I have considered everything he has said and have summarised his main points below:

- AXA has failed to conduct the claim with due diligence, resulting in increased costs which has resulted in higher premiums.
- AXA accepted full liability without inspecting M's car.
- If it had, it would have seen there was minimal damage that would have confirmed that the (a broken plastic bumper clip) the speed at impact was below 5 mph, making the damage reported by B inconsistent with the accident circumstances.

- B was a courtesy car, which raises reasonable concerns about whether pre-existing issues have been included in the claim and that AXA have accepted these costs.
- M's annual premium has increased from just under £22,000 to over £40,000 (originally quoted at £53,000, which M rejected). This is on its record and will continue to impact its premiums for five years.

One of our Investigators looked into the matter. She said the policy provides that AXA can settle a claim as it sees fit. The Investigator said that AXA had considered M's driver's version of events and the video evidence provided; it was not in dispute that M's driver had collided with car B. The Investigator did not think it was unreasonable that AXA accepted liability for the damage done by M's driver in the second collision and she was not persuaded that the amount accepted for the cost of repairs was unreasonable. The Investigator explained that AXA can only dispute costs if it thinks there is a likelihood it could successfully challenge liability, or if it thinks the repairs carried out weren't consistent with the accident which had happened. AXA's engineer stated the amounts claimed seem consistent with the circumstances of the claim.

The Investigator also did not think that AXA had acted unreasonably in setting the reserves as it had and in not reducing them while the claim is ongoing. She said the reserves are not usually altered until the claim is settled, when it might show the claim was valued at more or less than the reserve. As the claim was open when the policy renewed, the Investigator said AXA was entitled to take this into account.

Mr P does not accept the Investigator's assessment. He says the first car jumped a red light, which caused the collision, which has not been taken into account and he cannot see that AXA has acted on his behalf or in a manner that is fair

As the Investigator was unable to resolve the complaint, it has been 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.

The Investigator has already explained that it isn't our role to decide who was responsible for causing the accident. This is the role of the courts, if it is not settled between the parties. Instead, our role in complaints of this nature is to investigate how the insurer made the decision to settle the claim. Did it act fairly and reasonably and in line with the terms and conditions of the policy?

M's policy includes a provision that allows AXA to take over and deal with the defence or settlement of any claim that arises. This is a common term in motor insurance policies, and is not one that we consider inherently unfair. However, we do expect insurers to apply this discretion fairly.

I can see that AXA has considered M's submissions, the evidence from the driver of B, viewed the video footage of the crash and considered the repair estimates provided for B and C. AXA also asked its engineers to consider the evidence.

While I note that both M's driver and the driver of B consider the driver of car C was at fault, the fact that M's driver went into the back of the car in front of him means he would be considered liable for the damage caused as a result of that collision. This is the case, even if the first collision should not have happened.

I am not therefore persuaded that it was unreasonable for AXA to consider that M's driver was liable for the damage to the back of car B and part of the damage to the front of B and the back of C. It is impossible to be exact about the damage caused by each impact, so we require a reasonable assessment

M, however, disputes the extent of the damage claimed for by B and C. Mr P says that the impact was at less than 5mph and its driver lightly nudged B causing minor damage to the back of B's car. However, whatever the speed of the collision, I can see from the video that the impact was enough to shunt B into C again and it is reasonable to consider that this will have caused damage, even if M's vehicle was not significantly damaged.

Mr P has said that there is a possibility there was existing damage to B's car, as it was a courtesy car, but there is no evidence to support this. I am not persuaded that there was any cause for AXA to investigate the condition of the B's car before the accident based on this supposition. And from the photos provided, I can see there is a large dent affecting around half the area of the hatchback boot lid of B. I do not think this is minor damage. And there was damage to the front as a result of the two collisions.

AXA has been negotiating the repair costs and agreed a percentage towards the front of B's car and the back of C's car. I do not think this is unreasonable in principle. I am also not persuaded that the repair costs provided are so obviously exaggerated that AXA should not agree to pay them at all. I am not aware of any other reliable evidence that they are not reasonable for the damage caused, or that AXA would likely be able to reduce them. Overall, therefore, I am not persuaded that AXA has not dealt with the claim reasonably or with due diligence.

AXA set reserves to reflect the potential cost of the claim to it and has had the matter recorded as an open claim. I do not think this was unreasonable. This is in line with usual practice and it reflects the position accurately. While I can understand Mr P's upset at the impact this has had on the renewal premium, I am not persuaded that this is as a result of AXA doing anything wrong. Once the claim is settled (if it has not been already) then Mr P can ask AXA to review the premiums to see if the final outcome on the claim makes any difference.

My final decision

I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 29 April 2026.

Harriet McCarthy
Ombudsman