

The complaint

Miss T complains about Aioi Nissay Dowa Insurance UK Limited (“ANDI”) and the settlement paid to her following the claim she made on her Guaranteed Asset Protection (“GAP”) insurance policy. Miss T also complains about the service she received, including the misleading information provided to her.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Miss T held a GAP insurance policy, underwritten by ANDI, when her car was involved in a non-fault road traffic accident, sustaining damage that led to it being deemed a total loss. So, she contacted ANDI to make a claim on this policy, around the same time she made a separate claim with her motor insurance, who I’ll refer to as “X”.

But Miss T was unhappy with the settlement ANDI paid her, as she felt this was less than the maximum benefit of £9,590.08 listed on the policy certificate and crucially, less than the amount ANDI had told her she would receive verbally on several occasions. She set out how this, and the delay in receiving payment, had led to her needing to purchase an alternative car to the one she originally intended, for a higher monthly payment. And, she set out how this had impacted her financially, and emotionally. So, she wanted ANDI to increase their settlement amount to meet the amount she was initially advised.

ANDI responded to Miss T’s complaint and upheld it in part. They agreed they had mis-advised her of the settlement she would receive on more than one occasion. And how this may have influenced the financial decisions Miss T made. So, they paid Miss T a total of £300 compensation to recognise this. But they maintained the actual settlement Miss T received, that reimbursed her up to the invoice amount paid for the car, was correct and in line with the terms of the policy. So, they didn’t agree to make a further settlement payment. Miss T remained unhappy with this response, so she referred her complaint to us.

While the complaint was with our service, ANDI offered to pay a further £150 compensation, taking the total offered to £450, to recognise delays in processing the settlement payment and service failures overall.

Our investigator looked into the complaint, considering this additional offer, and set out why they thought it was fair and reasonable to recognise the errors ANDI had made, and accepted. But they set out why they were satisfied the settlement Miss T received was correct, ensuring she received the amount she was entitled to under the policy.

So, they didn’t recommend ANDI do anything more. Following this view, ANDI told our service it had paid Miss T the additional £150.

Miss T didn’t agree, providing several reasons setting out why. She maintained that part of the initial £300 paid by ANDI was only made after her Data Subject Access Request (“DSAR”), and that it wouldn’t have been paid had she not taken this action. She also continued to reiterate her unhappiness with the compensation offered, explaining why it

failed to address the emotional impact she had been caused, outlining how this had impacted her mental health. As Miss T didn't agree, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. But in the same vein, I'm satisfied the total compensatory offer of £450 put forward, and paid, by ANDI is a fair one. And I'll explain why.

I've focused my comments on what I think is relevant, in line with our services informal approach. So, if I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

I note in this situation, ANDI have accepted they mis-advised Miss T on several occasions regarding the settlement amount she would likely receive. And they accepted the impact this created, including the implications on her subsequent financial decisions. Further to this, ANDI have accepted they failed to process payment of Miss T's settlement within a reasonable amount of time and that their communication with Miss T, including a lack of callbacks when agreed, could have been improved. As these points aren't in dispute, I won't be discussing the merits of them in detail as I'm satisfied ANDI acted unfairly here and I will return to them when I discuss what ANDI have done to put things right.

Instead, my decision will focus on what does remain in dispute, which is the amount ANDI paid Miss T to settle the claim she made on the policy they provided. And when doing so, I've carefully considered the policy documentation, including the terms and conditions, to decide whether I'm satisfied the amount ANDI paid was a fair one. In this situation, I'm satisfied it is, and I'll explain why.

I note Miss T's insurance certificate lists the maximum benefit of the policy as £9,590.08. And I recognise in several verbal conversations, ANDI led Miss T to believe this was the amount her settlement would be based on. So, I can understand when this is combined together why Miss T would feel the claim settlement she was paid was unfair, as it equated to lower than this amount.

But crucially, I've also considered the policy terms and conditions. And these explain that where a vehicle is deemed a total loss, ANDI would pay the greater of either *“the difference between your vehicles value and the amount you paid for your vehicle”* or *“if you have a finance agreement in place, the difference between your vehicles value and the outstanding balance payable to the finance company at the date of total loss”*.

In this situation, it's not disputed that Miss T provided an invoice that showed her vehicle was purchased for £8,228.22. And, that X paid her a total of £4,712.50 through the claim she made on her motor insurance policy.

So, the difference between these two amounts was £3,515.72. And this is the amount ANDI paid to Miss T, plus an additional £300 to satisfy the additional total loss allowance entitled her policy provided for.

This amount allowed for Miss T's existing finance to be cleared, including any negative equity associated to her finance agreement. And it also left an additional amount that was paid directly to Miss T. So, I'm satisfied that this settlement was the greater of the two

options the policy provided cover for. And crucially, I'm satisfied that it ensured Miss T received a settlement that was calculated fairly, and correctly, within the policy terms.

So, because of the above, I'm not directing ANDI to make an additional settlement payment, including any payment that would be needed to provide her with the maximum benefit the policy allowed for. I must be clear that while a maximum benefit amount was listed, this doesn't mean Miss T would automatically receive this amount, as I'm satisfied the terms and conditions clearly lay out.

But I do recognise this wasn't what Miss T was told would happen initially. And this failure by ANDI, alongside the other service issues I've referred to earlier within my decision, are accepted by ANDI as evidence of them acting unfairly. So, I've then turned to consider what ANDI have done to put things right.

Putting things right

When considering what ANDI have, and should, do to put things right, any award or direction I make is intended to place Miss T back in the position she would have been in, had ANDI acted fairly in the first place.

In this situation, had ANDI acted fairly, they would have correctly explained to Miss T that any settlement they made would be based on the amount paid for her vehicle, not the maximum benefit listed on the insurance certificate.

In this situation, had ANDI done so, I'm satisfied Miss T would always have not been able to purchase the initial replacement car she wanted, which she has confirmed she pulled out of after she discovered she would be receiving the correct, lesser amount. Because of this, I'm unable to agree that ANDI are responsible, or should cover any costs of, the alternative finance agreement she entered into for another car, even though these monthly costs may have been higher as ultimately, I'm persuaded this is always likely to have been the car she would have purchased.

But crucially, had ANDI acted fairly, they would have ensured the advice they gave to Miss T was correct. Having reviewed the evidence available to me, I'm satisfied Miss T sought at length to confirm the amount she was likely to receive, to allow her to plan ahead financially. And on more than one occasion, ANDI gave the incorrect information.

So, I'm satisfied Miss T will have been inconvenienced by this and I don't doubt the frustration this will have caused her. So, I'm satisfied ANDI should compensate her for this, taking into account the fact the error happened on more than one occasion.

Further to this, it's accepted that ANDI took longer than they should have to pay Miss T the settlement amount left outstanding to her. And, that they failed to call her back when promised on more than one occasion. Again, I'm satisfied this would have been inconvenient, and emotionally impactful, to Miss T and I'm satisfied compensation should be paid to reflect this.

In total, considering the most recent offer put forward by ANDI while the complaint was with our service, ANDI have offered Miss T £450 compensation. Having considered this total offer, I'm satisfied it's a fair one that falls in line with our services approach and what I would've directed, had it not already been put forward.

I'm satisfied it is significant enough to fairly reflect the inconvenience and emotional impact

Miss T has been caused by ANDI's errors, as I've discussed above, including the impact on her mental health which she has outlined to our service.

But I'm satisfied it also fairly reflects the fact that I've seen no evidence to show that it is ANDI's actions alone that led to a decline in Miss T's mental health. And it takes into consideration the fact that there was always likely to have been a level of suffering, and inconvenience, caused by being involved in a non-fault road traffic accident which led to the total loss of a car that ANDI were unable to control nor were they responsible for.

Finally, it also fairly reflects the fact that ultimately, Miss T did receive the benefit she was entitled to, under the policy she paid for. And that when she purchased a new car, she was in the position she would always have been in, even if ANDI had provided the correct advice initially, as they should have.

So, because of the above, I'm satisfied that ANDI's total compensatory payment of £450 is a fair one. I understand ANDI have confirmed the additional £150 they offered after our service's involvement, discussed in our investigators view, has been paid. My decision is that this £150 is fair and that it should be paid to Miss T, if it hasn't been already. But that ultimately, no further compensation is due.

My final decision

For the reasons outlined above, I uphold Miss T's complaint about Aioi Nissay Dowa Insurance UK Limited and I direct them to take the following action:

- If it hasn't been paid already, ensure Miss T receives the additional £150 offered to take the total compensation paid to £450 in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 29 April 2026.

Josh Haskey
Ombudsman