

## **The complaint**

Mr and Mrs M complain about how AXA Insurance UK Plc (AXA) dealt with a claim on their motor insurance. References to AXA include other organisations and individuals acting on its behalf

## **What happened**

Mr and Mrs M had motor insurance underwritten by AXA. Mrs M was the policyholder and Mr M was a named driver. The car was involved in an accident and they made a claim on the policy. The car was taken to one of AXA's approved repairers, who initially said that it was repairable. However once the car was stripped down for repair further damage was found, and AXA's engineers decided the car couldn't be economically repaired and so AXA declared it a total loss.

Mr M says the car was still drivable when he took it to AXA's recommended repair garage. He was also unhappy that the car was kept there for a considerable length of time and then on the date he was given as a completion and collection date he was informed that the car was beyond economical repair. Mr and Mrs M decided that they wanted to keep the car, and were unhappy that AXA deducted the excess and salvage from its valuation when making the settlement. Mr M was unhappy that AXA then withdrew the courtesy car which he says left him without transport and caused inconvenience.

Mr M says that before he took the car to AXA's repairer he had it inspected for its MOT test by the main dealer, who failed the car due to a slight break on the bumper but apart from that said the car was mechanically sound. Mr M felt that the approved repairer had caused further damage to his car. Our investigator has passed details of this on to AXA to respond to as a new complaint so I won't comment further on it here.

Mr M was also unhappy that his phone calls to AXA were not responded to in a timely manner. He says he was put on hold for long periods of time.

Mr and Mrs M complained to AXA. AXA said the decision to total loss the car was based on engineering evidence, supported by both its salvage agents and its own engineers. AXA said its approved repairer removed the courtesy car as Mr and Mrs M's policy didn't provide cover for a courtesy car when a car is deemed a total loss.

AXA said the excess applies to all unrecoverable claims and Mr and Mrs M agreed to the excess when they took out the policy. AXA said it pays the full market value for a vehicle when it's deemed a total loss. If a policyholder keeps the car, AXA said it's reasonable for it to mitigate its losses by recovering the costs for the salvage.

In respect of the time it took to get the car back, AXA said Mr and Mrs M had wished to retain the vehicle and it had been stripped down for repair. The repairer could not refit all the parts to a satisfactory standard and advised that it wouldn't be roadworthy. The car had to be re-assembled as best the repairer could and this delayed the vehicle being returned.

AXA did find that Mr and Mrs M experienced problems with contacting its claims team and

engineers. The repair portal gave misleading information as to the repair times and Mr and Mrs M were given the impression that the vehicle was 97% repaired when this was not the case and the information they received was wrong.

AXA accepted that its communication with Mr and Mrs M could have been better, apologised for any inconvenience and awarded them £100 compensation.

Mr and Mrs M weren't happy with what AXA said and complained to this service. Our investigator upheld their complaint in respect of the compensation. She said that whilst AXA acknowledged the errors in communication and misinformation, having considered the impact of these in line with this service's published guidance, she wasn't satisfied the offer of £100 went far enough. She said the incorrect information on the portal and poor claim communication caused Mr and Mrs M additional upset and inconvenience, and a considerable loss of expectation. To put things right, the investigator said AXA should pay £300 compensation, deducting the £100 previously offered if already paid.

However the investigator said she didn't think AXA acted unfairly or unreasonably when it declared the car a total loss, or in cancelling the hire car arrangement when it did. Nor did she find any errors in the settlement amount AXA provided after deductions of the policy excess and salvage.

AXA didn't agree with what the investigator said, so the complaint has been passed to me. AXA said the delay in returning the car wasn't excessive in the circumstances and neither was the loss of expectation so great as to merit the increased compensation.

### **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.

I uphold Mr and Mrs M's complaint, but only in relation to the amount of compensation. I'll explain why.

Firstly I'll explain the elements of Mr and Mrs M's complaint that I don't uphold.

I've seen AXA's engineer's report into the condition of Mr and Mrs M's car following the accident, which concludes that the car couldn't be economically repaired and should be deemed a total loss. It appears that the full extent of the damage couldn't be assessed until the car was stripped down. In the absence of any expert reports to the contrary, I think it was fair and reasonable for the car to be treated as a total loss.

Mr and Mrs M's insurance policy documents with AXA said:

*"We will:*

*...have the right to take over and deal with the defence or settlement of any claim in the name of the person making a claim under this policy."*

#### ***"What is covered***

##### ***1 Loss of or damage to your car or spare parts***

*If your car, accessories or spare parts are lost, stolen or damaged, we will:*

- *repair the damage;*

- *replace what is lost or damaged and is too expensive to repair; or*
- *pay you the cost of the loss or damage.*

*We can choose which of these actions we will take for any claim we agree to...*

*... Where your car is not recovered following a theft or is beyond economical repair we will pay you the market value of your car, including accessories and spare parts at the time they are lost, stolen or damaged.*

*If we settle a claim as a total loss, we will then take ownership of your car."*

Market value was defined as:

***"Market value***

*The cost of replacing your car in the UK with one of the same make, model, specification, mileage, age and condition."*

The policy also stated:

***"If your car is a Total loss***

*...Any payment we make for total loss will be after we have taken off any policy excess."*

Policy excess was defined as:

***"Excess/excesses***

*The amount you are required to pay as the first part of each and every claim made."*

The policy also stated:

***\*\*\* Excesses***

*The excess is the amount you have to pay for every claim for loss of or damage to your vehicle (for example, if your repairs cost £1,000 and you have a £100 excess, you pay £100 and the insurer pays £900). Excesses apply whoever was to blame."*

If an insurer takes ownership of a vehicle deemed to be a total loss, it will normally sell the vehicle on and so recover some of its loss. This is known as "salvage". If the insurer is unable to do this because the policyholder wants to keep the car, this service considers it fair and reasonable for the insurer to deduct the amount it would have got for the car from the settlement amount.

I therefore think it was fair and reasonable and in line with the policy terms and conditions for AXA to have deducted the excess and salvage from the market value of Mr and Mrs M's car.

The policy also stated:

***"Courtesy car***

*Following a claim under Part A – Loss and damage, you will be provided with the use of a courtesy car whilst your car is undergoing repair, subject to the repairer's terms and conditions. A courtesy car is not available in respect of:*

- *claims where your car is identified as being beyond economical repair..."*

So I think it was fair and reasonable and in line with the policy terms and conditions for AXA to no longer provide a courtesy car once Mr and Mrs M's car was declared a total loss.

Having seen the details of the work carried out by the approved repairers and the communications between the repairer, the engineers and AXA, I can't say that there were unreasonable delays in making the car ready to be returned to Mr and Mrs M.

Finally I will turn to the issue of the poor communication from AXA. Mr and Mrs M have provided this service with recordings of some 25 phone calls they had to make to try to find out what was happening with the claim, the car and the courtesy car. From these calls I think that Mr M was obviously confused about what was happening. Mr and Mrs M shouldn't have needed to keep contacting AXA and the repairer to find out what was going on. I can see that on occasion Mr M was sent from one to the other to try to get answers – for example in the repairer's notes I can see that on more than one occasion Mr M called the repairer and was advised to call AXA and then had to call the repairer back. While I can see that the fact that Mr and Mrs M wanted to keep the car did make things slightly more complex, I do think that AXA could have made the whole process smoother and easier.

As well as these communication difficulties, Mr and Mrs M were at one point informed in error that the car was 97% repaired. I think this was a serious error, and would have prevented Mr and Mrs M from making informed decisions about what to do next, potentially leaving them without a car for longer than necessary. I think this error would have caused inconvenience, disappointment and loss of expectation.

I note that AXA has accepted that its communication could have been better and has awarded Mr and Mrs M £100 compensation. However looking at this service's guidelines for the level of compensation appropriate in this type of case, I think this should be increased to £300.

### **My final decision**

For the reasons given above, I uphold Mr and Mrs M's complaint. I require AXA Insurance UK Plc to pay Mr M and Mrs M £300 for the distress and inconvenience caused by its handling of their claim. For the avoidance of doubt, if AXA Insurance UK Plc has already paid the £100 it awarded Mr and Mrs M in the final response letter, this should be deducted to leave a payment of an additional £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 27 February 2026.

Sarah Baalham  
**Ombudsman**