

The complaint

Mr M complains about how AXA Insurance UK Plc handled a claim on his car insurance policy.

What happened

AXA received a claim from a third party and so contacted Mr M about it and asked for pictures of Mr M's car. Mr M disputed he was involved in the incident and asked for details of the claim and provided AXA with the pictures of his car. AXA said it responded to the third party claim and asked for evidence for it to assess. As nothing further was received from the third party, after six months AXA closed the claim and recorded it as not incurring any costs.

Mr M wasn't happy with how AXA had dealt with this claim and complained. He said he'd had an open claim on his policy which meant he'd had to pay a higher premium when he took out a new policy. He also said AXA hadn't kept him updated or handled the third party claim as he'd expected and asked AXA to refund his premium. As AXA didn't respond to Mr M he brought his complaint here.

After the complaint was referred here AXA issued its final response and upheld it. It said it hadn't proactively chased the third party as much as it could have and apologised to Mr M for this. However, AXA said it had defended Mr M's claim with the third party and it was correct for it to remain open while it was investigated. AXA said it was normal for it to close a claim down after six months if nothing further was received from the third party. As it hadn't received anything after six months it closed Mr M's claim down. AXA offered Mr M £200 for the poor claim handling.

Mr M said AXA hadn't responded to him or kept him updated during the claim and he only got a response when he complained. Because of this he didn't feel AXA had fulfilled its side of the contract between them and asked for his premium to be refunded.

Our investigator looked into the complaint and didn't recommend AXA doing anything further. She found that AXA hadn't handled the claim as well as it should have. However as the claim had been closed after six months, as it should have, she thought AXA's offer was in line with what she'd expect and so didn't ask AXA to do anything else. Mr M disagreed and said AXA had lied and not handled the third party claim as well as it should have.

As Mr M didn't agree the complaint has come to me to decide.

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 terms and conditions of Mr M's policy, like most policies we see, give AXA the right to take over the defence or settlement of any claim, as it sees fit. That means it might make a decision Mr M disagrees with and not try to recover its outlay or settle a claim from the third party or their insurer. But we'd look at whether AXA made a reasonable decision in doing

this based on the evidence it had and the circumstances of the case.

AXA said it wrote to the third party and defended Mr M's claim. It also said as no response was received from the third party it closed the claim after six months, in line with its normal process. I understand Mr M doesn't agree AXA acted in his best interests, however, I've seen the letter sent to Mr M which confirms AXA hasn't paid out anything for this claim and that it's not affected his no claims discount (NCD). I understand Mr M said when he took out a new policy there was an open claim and so he's paid a higher premium. As this claim is now close he's able to let his new insurer know that and ask whether it would refund the difference in premium.

I can also see AXA acknowledged it didn't handle the claim as proactively and as well as it should have. I understand Mr M's strength of feeling about this and feel it may help to explain that our role isn't to punish a business but to see if it's made an error. If a business does make an error, we'd look to see what impact it's had and put Mr M back in the position he would have been but for the error.

In this case AXA hasn't handled the claim well or kept Mr M sufficiently updated, there has been communication attempts not responded to and this has led to Mr M having to chase AXA to try and find out what has happened with his claim. And while this is disappointing to see I don't agree AXA needs to refund his premium. I say this because the premium isn't just to provide a service if a claim arises, and Mr M has had the benefit of his policy providing cover as it should do. While there have been failings by AXA when handling this claim I'm satisfied £200 is sufficient compensation for the unnecessary distress and inconvenience its caused Mr M. I'm therefore not going to tell AXA to pay anything else, AXA need to pay Mr M £200 if not already done so.

My final decision

For the reasons explained above, I uphold this complaint. AXA Insurance UK Plc needs to pay Mr M £200 for distress and inconvenience, if not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 July 2023.

Alex Newman
Ombudsman