

The complaint

Mr B complains AXA Insurance UK Plc (“AXA”) caused him severe trouble and upset in how it handled his claim on his motor insurance policy. He says it’s caused significant delays, damaged his car, and left him without any way to get around for long periods of time.

Any reference to AXA includes its agents.

What happened

Mr B took out a motor insurance policy with AXA in March 2022 for around £616. In November 2022, he made a claim on his policy following an incident which he says damaged his wing mirror and headlamp. More recently, AXA has said it doesn’t think the damage to the headlamp was related to the incident, but at the time it authorised its repair.

Mr B’s car was collected by AXA around 9 November 2022. And he was provided with a hire car for around two weeks as per the terms of the policy. Mr B’s car wasn’t fixed – or transferred to the repairer – in this time, so he explains he went back and forth between AXA and its agents to arrange a further hire car. He says he was given hire cars for short periods of time, for example between 16 December 2022 and 28 December 2022, but it took a great deal of chasing. And he hired a car himself at the end of December 2022 for around a week. Mr B’s explained, when he was without a car, he was unable to get to work so he lost out financially. And he was otherwise unable to get around.

Around 14 December 2022, Mr B says he was told by the repairers that his car had suffered further damage, potentially when being lifted and transferred. After some back and forth, it seems his car was transferred to a dealership to assess whether the damage was caused by AXA. For around the next two months, Mr B says he was told the repairer was awaiting authorisation to carry out the further repairs to the car which, in March 2023, he was told hadn’t been given.

When Mr B collected his car, he raised a complaint with AXA as he said it caused further damage to his suspension, the underside of his car and his heating and air conditioning. And the warning lights on his dashboard had come on.

AXA has given us some of its internal emails and emails with its agents. These show it logged a new complaint in April 2023 for the damage described above; it authorised supplementary repairs costing around £4,500 in May 2023; and its agent said the only obvious or visible damage following the accident was cosmetic damage to the mirror. In June 2023, AXA sent its final response letter to Mr B agreeing to carry out the further repairs to the car and offering him compensation.

As Mr B heard nothing further from AXA about the repairs, he asked our service to look into things. He said his Ministry of Transport (“MOT”) test was due soon and because of the outstanding damage, he was worried it wouldn’t pass. Whilst we were looking into the case, AXA said it would cover the cost of the repairs Mr B needed for his car to pass its MOT test.

AXA has made a number of other offers on this case including covering the cost of the car Mr B hired, paying compensation for the time he was without a car and paying a total of around £825 compensation to make up for the delays and poor service he's experienced. And it's said it gave Mr B a hire car from 5 January 2023 until he got his car back. But it's recently said it won't cover the further damage Mr B thinks it caused until it's carried out an inspection as says it wasn't aware of it before and thinks it was pre-existing.

Our Investigator thought AXA's offer to put things right and inspect the car was fair. But he thought AXA should pay an extra £100 compensation for the delays caused. Mr B didn't agree with our Investigator's opinion so the case was passed to me to decide.

I issued a provisional decision on this complaint in December 2023. I thought the complaint should be upheld and I've copied my reasons why below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on what I've seen so far, I'm planning to uphold this complaint, as I think AXA has caused significant delays in this case and has caused Mr B a great deal of unnecessary anxiety and upset. I'll explain why.

Hire car

Under the terms of the policy, Mr B is entitled to a hire car for up to 14 days while his car is with the approved repairer and being repaired. In this case however, both parties accept he was left without a car for far longer than he should've been due to unnecessary delays. So I think AXA's offer to compensate Mr B for the periods he was without any car is the right thing to do in this case. I also agree it's fair for it to reimburse him the amount he paid for a hire car between 24 December 2022 and 5 January 2023. But I think it should add 8% interest to this amount from the date Mr B paid for the hire car until the date of settlement.

Mr B's said he lost out financially during the periods he didn't have a car as he couldn't get to work. AXA has previously declined to cover any loss of earnings as it's said this is an uninsured loss. And whilst I accept if Mr B was claiming under his policy for loss of earnings he might not be covered, I don't think that's relevant here.

Mr B wasn't left without a car as a direct result of the insured event – the accident. He was left without a car because of the significant delays to the repair of his car and because AXA wasn't able to offer him a hire car during this time. So I don't currently think AXA's offer of compensation for his time without a hire car puts him in the position he would've been in if nothing had gone wrong. And instead, if Mr B provides evidence that he was unable to work, he didn't get paid for those days, and he wasn't able to make up his hours at different times, I think AXA should cover the amount he would've earned. Mr B's told us this was around £1,008 from 30 November 2022 to 16 December 2022 but he'll need to provide proof of this.

At the moment, I don't consider it fair to direct AXA to cover Mr B's loss of earnings for the time he was without a car at the start of the claim as he wouldn't have been entitled to a car at that point anyway. And I note Mr B's not asked for this in any event.

Outstanding damage to Mr B's car

AXA has said it hasn't had an opportunity to investigate the further damage Mr B highlighted when he picked up his car, so it's offered to carry out an inspection before it agrees to fix anything. But at the moment, I don't think that would be fair or reasonable in this case. I say this because from the internal emails I've seen, I'm satisfied AXA has had many opportunities to inspect Mr B's car already – and it offered to do so several months ago. I can also see from its final response letter, it previously accepted the damage was repair related and told Mr B it would put it right. So I don't accept it hasn't been aware of the additional damage and it should be given more time to look into it.

I note AXA has said more recently it thinks the damage is likely pre-existing. But I consider Mr B's testimony about the condition of his car and the damage outstanding to have been very consistent and persuasive. I can also see from its internal correspondence, AXA has said the only obvious or visible damage following the incident was to the wing mirror. If the damage Mr B's complained about was pre-existing, I think it's reasonable to expect AXA would've noticed it previously – and would be able to evidence this. So I think it's very likely the damage is new and is related to how the car was handled during the repairs.

Distress and inconvenience caused

AXA has offered Mr B a total of around £825 in this case to make up for the impact the delays and customer service have had on him. But at the moment, I don't think that's fair.

It's been over a year since Mr B made his claim for what seems to have been a fairly minor incident. He was without his car for around six months and since getting it back, there's been outstanding damage which I can imagine would've caused him a great deal of worry. During this time, I'm satisfied AXA has given him inconsistent information and hasn't always done what it said it will. So Mr B's said he's had to constantly chase AXA and has lost trust in its service which I consider would've been very frustrating for him. This seems to have continued while our service has been looking into things as AXA initially told us it was repairing the outstanding damage and later told us it wouldn't be.

I've also thought carefully about the length of time this has gone on for and the impact Mr B's told us AXA's actions have had on him. He's explained he's suffered from severe anxiety, not knowing if he'd be able to work day-to-day or when his car would be fixed. And this has had an impact on his enjoyment of life."

I explained how I thought AXA should put things right and asked both parties for further comments before I issued my Final Decision. AXA didn't make any comments before the deadline set. Mr B said he was happy with my provisional decision but he thought the policy excess he's paid should be refunded considering what he's been through. He said he was told by a third party that the excess would usually be waived in these circumstances.

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've thought about everything Mr B's said about the excess he's paid under the policy. And whilst I accept it must be upsetting to pay out such a significant sum after everything that's happened, I don't agree it's fair for AXA to refund or waive the fee. I say this because it's my role to put Mr B in the position he would've been in as far as possible if nothing had gone wrong. Mr B would've always needed to pay the excess under his policy terms to claim on the policy. So if I directed AXA to waive it, I would be putting him in a better position than he otherwise would've been in – and that wouldn't be fair to both sides.

Based on everything else I've seen in this case and the comments made, I see no reason to change the outcome I reached in my provisional decision.

Putting things right

To put things right in this case I direct AXA to:

- Pay Mr B a total of £1250 as compensation to make up for the significant mental strain AXA's actions have had on him.
- Repair the outstanding damage Mr B reported to his car when he received it back. Alternatively, if Mr B would prefer to arrange for the repairs himself, AXA should reimburse him the cost of the repairs upon an itemised receipt showing each repair and the amount paid for them.
- Reimburse Mr B the amount he spent on hiring a car from 24 December 2022 to 5 January 2023. It should add 8% interest from the date Mr B made this payment to the date of settlement.* AXA has already been given Mr B's invoice for this.
- Cover Mr B's loss of earnings upon receipt of reasonable evidence showing how much he lost, that he was unable to work or make up his hours, and he wasn't paid. This should be around £1,008. It should add 8% interest from the date Mr B would've been paid for each day he missed work to the date of settlement.*
- Reimburse Mr B the amount he spent on repairing his car so it would pass its MOT. From the invoice Mr B's provided already, this is around £496. AXA should add 8% interest from the date Mr B made this payment to the date of settlement.*

*If AXA considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr B how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs.

My final decision

For the reasons I've given, I uphold Mr B's complaint and direct AXA Insurance UK Plc to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 February 2024.

Nadya Neve
Ombudsman