

## **The complaint**

Mr J has complained about the way AXA Insurance UK plc dealt with a claim he made under his car insurance policy.

## **What happened**

In January 2023 Mr J was involved in an incident which he said wasn't his fault. Mr J instructed a solicitor to act on his behalf to claim for a personal injury claim. AXA initially directed Mr J to 'credit hire' in order to have use of a hire car similar to his.

However, a week later the third party hadn't admitted liability and so AXA downgraded Mr J's car to an equivalent courtesy car under the terms of his policy.

AXA decided Mr J's car was a total loss - and so its engineer made a settlement offer of £1,000 to Mr J.

In February 2023 Mr J complained to AXA. He was unhappy that AXA hadn't provided any updates about liability on the claim. He said AXA had not given him enough notice to return the hire car. He was unhappy with a low settlement for his car and for not receiving a call back from the salvage agent as promised. Mr J was unhappy with the way an agent handled a call he made about his complaint.

In April 2023 AXA upheld all but one of Mr J's complaints. It said it correctly didn't pursue the third party insurer (TPI) while Mr J had instructed his own solicitor to pursue liability. It said AXA's approach is to allow that solicitor to negotiate so that AXA didn't prejudice their actions.

AXA accepted that its initial total loss settlement offer was low, and it hadn't given enough notice to return a hire car. It listened to the key call and agreed the agent hadn't handled the complaint call professionally.

AXA said it had provided a hire car for beyond the time limit of 21 days set out under the policy - and so it didn't agree it was responsible for any further hire car costs Mr J may have incurred.

For its failings, AXA apologised and paid Mr J compensation of £300. It paid an additional £25 for its delay responding to his complaint.

Mr J remained unhappy and asked us to look at his complaint. He said he extended hiring a car because he needed a car to attend hospital appointments as a result of his injuries from the incident. He believes AXA should reimburse him for the extended hire car costs he incurred due to its delay in paying a fair total loss settlement for his car.

Our Investigator thought AXA had done enough to resolve Mr J's complaint. Mr J didn't agree. He wants AXA to cover his extended hire car costs because he says it is responsible for the delay settling his claim to enable him to buy a replacement car.

## **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 date of the incident was 6 January 2023. I can see that the engineer initially made a total loss settlement of £1,000. It's not clear why the initial offer was so low - as the trade guides gave an average valuation of just over £3,000, after making a reasonable deduction for the car's previous total loss status from 2018.

I think if the initial offer had been a reasonable one in line with the guides and our approach, Mr J wouldn't have had to provide evidence to dispute the offer and he would have received a settlement payment sooner.

I can understand why AXA took the approach it did when it was aware that Mr J's solicitor was pursuing a personal injury claim on his behalf. AXA had considered negotiating a partial fault settlement of the claim, which it is within its rights to do as the insurer. But Mr J didn't want to proceed on this basis and his solicitor was able to secure a liability admission from the TPI. However, I think AXA could have made its approach clearer to Mr J from the outset to manage his expectations.

Mr J was provided with car hire by AXA until 11 February 2023. AXA paid a reasonable total loss settlement to Mr J's bank account on 10 February 2023.

I asked Mr J to provide evidence of his losses in paying for car hire after 11 February 2023.

Mr J has provided a copy of a rental agreement for car hire from 12 January 2023 to 16 January 2023 with an estimated amount which says to be billed to AXA. So I haven't seen evidence of financial loss Mr J incurred after AXA paid a total loss settlement to him on 10 February 2023 and ended car hire.

I understand Mr J doesn't agree with the compensation amount AXA paid to resolve his complaint. And I am sorry for the impact and consequences of the incident. But I think the compensation AXA paid of £300 for its failings in its handling of the claim is reasonable and in line with awards we give in similar circumstances. So I'm not asking AXA to do any more.

## **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 22 November 2023.

Geraldine Newbold  
**Ombudsman**