

The complaint

Mr T complains about the standard of service and settlement payment offered by AXA Insurance UK Plc (AXA) following a claim under his motor insurance policy.

What happened

Mr T's catalytic convertor was stolen from his car in early December 2022. He says he contacted AXA straight away, in the morning, and was told his car would be collected. This didn't happen. Mr T says he had to make further contact with AXA until eventually his car was collected later that evening to be stored. He says the standard of communication and service from AXA was very poor. Mr T also says his car was damaged when it was transported.

Mr T says his car was subsequently inspected and AXA told him it was a category-N total loss. It offered him a settlement payment, which he didn't agree to. After further consideration AXA confirmed its final settlement offer in a letter dated 10 January 2023. It offered £2,725 less £350 for the policy excess. Mr T says this was lower than the advertised prices he'd seen for similar cars. He also says he wasn't offered a courtesy car, which meant he was without transport.

In response to Mr T's complaint AXA acknowledged it failed to provide clear updates about the initial collection of his car. It says it expects its agent to communicate more effectively. AXA says this caused delays and confusion. But it says its valuation didn't factor in the dents thought to be caused when the vehicle was collected. So, this didn't impact on the valuation. AXA offered Mr T £600, including £25 for a delay in handling his complaint, to acknowledge its poor handling of his claim.

Mr T didn't think the compensation offered was enough and disagreed with AXA's valuation of his car. He decided to refer the matter to our service. Our investigator didn't uphold his complaint. He says the settlement offer AXA offered was fair and calculated in line with how our service expects this to be done. He acknowledged AXA's handling of the claim could've been better but thought its offer of £600 compensation was fair.

Mr T didn't agree with this outcome and asked for an ombudsman to consider his complaint.

It has been passed 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.

Having done so I've decided not to uphold Mr T's complaint. I'm sorry to disappoint him but I will explain why I think my decision is fair.

I can see that Mr T contacted AXA when the theft of his catalytic convertor occurred at around 11am. He says he was told at around 4pm that the car couldn't be collected that day,

and the recovery agent didn't work over the weekend. As this was on a Friday it meant there would be a delay until the following week. Mr T says he contacted AXA again and was told another recovery company would collect his car. He called at 7pm and found out no collection had been arranged. After further calls to AXA, and its agent, Mr T's car was collected at around 9pm that day.

I can understand that this was a frustrating experience for Mr T. The theft of his catalytic convertor must have been upsetting. The situation was made worse by AXA's handling of his claim, which clearly also caused him inconvenience. AXA acknowledges there were confusion and delays in arranging the collection of Mr T's car. In these circumstances I'd expect it to offer compensation for the impact these failings had on him. I can see AXA did provide Mr T with compensation as a result of these issues. I think this was fair.

Once Mr T's car was collected, AXA arranged an inspection by an engineer. From his report the engineer confirms the repair estimate at £3,294.78 with the car valued at £2,118. In the report the engineer confirms the car was a category-N total loss. This means it can be repaired and returned to the road. But AXA had chosen not to because the cost of repairs meant it was uneconomical to do so. Given the cost of repairs exceeded the estimated market value, I don't think AXA acted unfairly here.

I've thought about Mr T's view that AXA's valuation of his car was too low based on advertised for sale prices he'd seen.

I understand Mr T wants the best offer he can get following the total loss decision. But having read his policy terms, the policy provides the market value in the case of a total loss. This is defined in the policy booklet as:

"The cost of replacing the Insured Car with one of the same make, model, age, mileage, specification and condition at the date of accident or loss."

We don't provide valuations for vehicles but rather we look to see whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, engineer's reports.

Mr T says he can't find similar cars advertised at the price AXA offered him. I've looked at the links he provided showing cars for sale. The cars showing have been sold. However, I have looked at other similar cars for sale. These vary in price from around £2,000 up to around £6,000. At the higher prices the cars shown are younger with significantly less miles than Mr T's car.

Although I've looked at this information, we don't find advertisements particularly persuasive as these are essentially asking prices and aren't selling prices. It's for this reason that the trade guides are used as they provide evidence of likely retail selling prices.

Our investigator thought AXA's settlement offer was fair and reasonable. I've checked how he arrived at this conclusion. I can see he looked at the valuation information AXA provided. It used the correct make, model, age, mileage, and date of loss.

Our investigator obtained valuations from three of the trade guides using the same information for Mr T's car. These gave valuations of £1,815, £4,161, and £2,725. I can see

AXA obtained a similar figure to the higher of the valuations our investigator found. It discounted this valuation as an outlier given the significant difference between this and the other two valuations.

Valuing second-hand vehicles isn't an exact science so I'd expect there to be a range of values where different trade guides are used. I agree that it's reasonable to exclude the higher of the valuations as an outlier. Based on this AXA offered a settlement payment that falls within the range of the trade guide valuations for Mr T's car.

I'm sorry Mr T's catalytic convertor was stolen, and this resulted in his car being a total loss. But I don't think AXA treated him unfairly when relying on its policy terms and making the offer it did. Because of this I can't reasonably require it to increase its settlement offer.

I've thought about Mr T's comments that he wasn't provided with a courtesy car.

His policy terms say:

"A courtesy car is not available in respect of total loss claims or where the vehicle is stolen and unrecovered, or for accidents occurring outside the UK."

In these circumstances I think the policy terms are clear that a courtesy car won't be provided.

Having considered all of this, I don't think AXA treated Mr T fairly regarding the poor standard of communication and claim handling when he first reported his loss. AXA concedes damage may have been caused to Mr T's car by its recovery agent. It has also acknowledged its agent may have told Mr T incorrectly, that this incident wouldn't show as a fault claim on his policy. I agree that this shows Mr T didn't receive the standard of service, and level of communication he should reasonably expect. This caused him frustration, inconvenience, and some distress.

Having said that AXA has paid £600 compensation to acknowledge these issues. I think this is fair in the circumstances. So, I can't fairly ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 August 2023.

Mike Waldron
Ombudsman