

## **The complaint**

Mr P complains about how the information given by Automobile Association Insurance Services Limited (AAISL) when he called to claim on his motor insurance policy.

## **What happened**

Mr P was involved in an accident in his car. The next morning, he called his insurance broker (AAISL) to claim on his motor insurance policy for the damage to his car.

Instead of claiming on his car insurance policy Mr P was referred to a “non-fault” accident management company (AMC). At the same time, he was provided with an After the Event (ATE) insurance policy with another insurer. The ATE policy covers Mr P for the recovery of his car, repairs to his car, storage for his car and the cost to hire a replacement car while his is repaired and is separate to his motor insurance policy.

Mr P opted to be referred to an AMC and use the ATE policy. His car was deemed a total loss, but the third party didn’t accept liability, so he was referred to his motor insurer to claim for his car. Unhappy with how the claim was progressing Mr P complained. He said he’d been given incorrect information when he called to claim and wasn’t happy with how the claim was being handled. In particular he said he’d been told in the call to AAISL that his motor insurer wouldn’t cover his claim and had to keep repeating the details of the claim to different departments.

AAISL reviewed the complaint and upheld it. It agreed Mr P hadn’t been given correct information in the call where he was referred to the AMC. In particular AAISL said Mr P hadn’t been given correct information that he could claim on his motor insurance policy. AAISL also dealt with Mr P’s complaint points about the ATE policy and for both issues offered £150 compensation. Unhappy with AAISL’s response, Mr P referred his complaint here.

Our investigator reviewed the complaint and found the final response letter covered the actions of AAISL and those of the ATE provider. As they’re different legal entities she divided the compensation in half to account for each party’s errors, £75 for each businesses error. Our investigator found that AAISL’s compensation wasn’t sufficient to compensate Mr P for its errors and recommended it be increased by £75, bringing the total to £150.

AAISL responded and queried which compensation was split between it and ATE provider. As AAISL hasn’t agreed to our investigator’s outcome the complaint 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.

Before I explain my findings, I feel it would help to explain that Mr P’s complaint covers three different businesses who are separate legal entities. Because of this we’ve had to split his

complaint and set each part of them up against each business responsible for the different aspects.

Mr P made the first notification of loss call to his broker, AAISL, to report the claim. That aspect is the subject of this decision. I'm aware AAISL also acts as an agent for the ATE provider. While the final response letter covers the first notification of loss call and the actions of the ATE provider, as they're separate legal entities, they must be considered separately.

In doing so in this decision I will only be looking at what AAISL is responsible for when Mr P called to report the claim. I'm aware we also have two other complaints, one against the ATE provider and one against his car insurer about when the claim was passed back to them to deal with.

As Mr P's insurance broker, AAISL was obliged to provide Mr P with information that was clear, fair and not misleading, in line with its obligations under Principle 7 of the FCA Handbook: Communications with clients (see PRIN 2.1R The Principles) and ICOBS 2.2.2R (Clear, fair and not misleading rule). In the circumstances of this case, this means that when Mr P contacted AAISL to tell it about his 'non-fault' claim for damage to his car, AAISL ought to have provided him with clear information about his options, so he could decide how best to proceed with getting his car repaired.

AAISL agreed in its final response letter that it didn't explain Mr P options to him clearly and also gave him incorrect information. I've also listened to the call and agree AAISL didn't explain Mr P's options to him as it should have. It's clear this caused Mr P unnecessary distress and inconvenience. This resulted in him questioning what his motor insurance policy covered and also meant he agreed to use the AMC and utilise the ATE policy when he might not have if things had been properly explained. I can see Mr P's claim was passed back to his motor insurer as the third party didn't accept liability, however Mr P has also raised concerns about having to keep repeating the circumstances of the claim. Therefore, to compensate Mr P for the distress and inconvenience of not explaining his options clearly and correctly, AAISL should pay Mr P an additional £75, on top of the £75 already paid.

### **My final decision**

For the reasons explained above, I uphold this complaint. I require by Automobile Association Insurance Services Limited to pay Mr P an additional £75 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 September 2023.

Alex Newman  
**Ombudsman**