

The complaint

Mr B has complained about the way AA Underwriting Insurance Company Limited (AAUICL) dealt with a claim he made for malicious damage and windscreen repair under his car insurance policy.

What happened

In December 2021 Mr B made a claim to his insurer, AAUICL for malicious damage and windscreen damage.

In May and July 2022 Mr B complained about the poor service he received from AAUICL in its handling of the claim, delays in arranging repairs and in providing a replacement car. He said the windscreen repairer had caused further damage which required rectification. Mr B made a claim for loss of earnings for three days' work.

AAUICL upheld Mr B's complaint in part and accepted it had provided a poor service. It agreed it had failed to update Mr B and failed to call him back when promised. And it agreed it had failed to provide a courtesy car. It paid Mr B £350 compensation for the distress and inconvenience caused. It paid an additional £100 to Mr B for failing to issue the compensation payment on time.

Mr B remained unhappy and asked us to look at his complaint. He wanted AAUICL to reimburse him for loss of earnings for three days' work between 17 and 19 June 2022 at a rate of £550 a day because AAUICL failed to arrange a replacement vehicle for him while his car was being repaired. He said the rear seat lever was damaged and he'd told AAUICL that he needed to put down the rear seats for his work. So he said he couldn't use his car.

Our Investigator found that AAUICL should have done more and so she recommended the complaint be upheld. She found it wasn't in dispute that the windscreen repairer had caused further damage. She said repairs were scheduled to start on Mr B's car on 16 June 2022. And that Mr B had made AAUICL aware of his need for a replacement vehicle for work. But AAUICL had first requested a motorbike instead of a car as a replacement, and then there were no available cars in the category of car to match cover under the policy.

Mr B had asked if he could arrange his own hire car and be reimbursed, but AAUICL had refused. The Investigator thought - given the circumstances - AAUICL should have either agreed reimbursement or arranged a higher category of hire car to meet Mr B's needs. She also thought AAUICL could have offered to move the date for repairs as an option.

The Investigator thought AAUICL's actions had put Mr B in a worse position. So she recommended AAUICL reimburse him in full for his loss of earnings - in light of the fact that it offered no alternatives for Mr B and he did all he could to mitigate his losses.

Mr B accepted the Investigator's view and reiterated his complaint.

AAUICL didn't agree. It said there is no provision for a courtesy car for windscreen claims. It said the invoices provided by Mr B are self-created and cannot be considered a legitimate document. The policy doesn't cover loss of earnings.

In response, the Investigator said that the claim for damage was as a result of the repairs carried out when the windscreen was replaced, which was accepted by AAUICL. So Mr B was entitled to a replacement car for the duration of repairs.

As AAUICL didn't agree, the case 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.

AAUICL issued two final response letters to Mr B in relation to his complaints. It upheld that it had failed to properly deal with the claim for malicious damage and further damage caused by the windscreen repairer - and failed to provide a hire car. So it isn't clear to me why AAUICL now says Mr B wasn't entitled to a courtesy car because it was a windscreen claim.

Mr B has provided recordings of over 50 calls with AAUICL as well as emails and messages. He reported the claim in December 2021 but his car wasn't booked in for repairs until June 2022. It is clear from the evidence that Mr B made AAUICL aware in good time of the need for a replacement car in June 2022 - which he was entitled to - but none was available. And Mr B tried to mitigate his losses by making his own arrangements to hire a car. But when he asked AAUICL if it would cover this, it refused. So I don't know what else Mr B could have done to prevent him from losing earnings for three days work in June 2022. And at this time, AAUICL had already upheld a complaint about its poor handling and delay in dealing with Mr B's claim. So I think it should have done more. It should have either agreed to meet the costs of a replacement car for the duration of repairs that Mr B had been able to find - given AAUICL was unable to offer one - or arranged for a higher category of car outside of the policy terms.

AAUICL says the evidence Mr B has provided is in the form of a typed invoice. I agree. I asked Mr B to provide proof of the contracted work that he had to turn down as a result of not being provided with a replacement car. Mr B has explained that he is self-employed and he lost out on a job for those three days as he didn't have a car to carry equipment. So he cannot provide further evidence of work which he wasn't able to carry out.

Mr B explained that the damage to the rear seat levers as part of the malicious damage claim hadn't prevented him from working between December 2021 to June 2022 - but he needed a car that he could put the seats down for the planned job in June 2022 - when his car was booked in for rectification repairs.

From the many call recordings in the days leading up to the car being repaired and Mr B needing a replacement car, it is clear that Mr B explained his circumstances to AAUICL on several occasions. So I think AAUICL had the opportunity to put plans in place for him. I accept that a courtesy car of the same size - which Mr B was entitled to - wasn't available. But in this case - given the fact AAUICL had already accepted responsibility for poor service and delays in its handling of the claim - it should have either agreed to cover the costs of the hire car Mr B was able to arrange - or provided him with a larger car outside of the policy limit and cover the costs.

As Mr B wasn't provided with a replacement car, he wasn't able to carry out the work during that three day period.

I asked Mr B to provide evidence by way of bank statements and previous paid invoices to show that his claim for loss of earnings was reasonable. Mr B has provided redacted bank statements from July 2022. These shows some payments similar to the claim he has made to AAUICL.

However, due to the evidence being from a year before, I think it is reasonable for AAUICL to meet the claim for loss of earnings subject to Mr B providing more recent evidence of payments for work. I think a more reasonable time frame is between January and June 2022.

So I think it's fair that AAUICL should meet Mr B's claim for loss of earnings for three days' work at the rate he has given - provided he can provide evidence to AAUICL of similar regular payments in the six months before.

Mr B says the compensation AAUICL paid him of £350 isn't enough to reflect the distress and inconvenience caused in its handling of his claim. He says he has spent a considerable amount of time chasing AAUICL for updates and waiting for long periods of time and in discussion by telephone.

I agree with Mr B that the service he received from AAUICL was very poor. However, I think the compensation it paid of £350 for the distress and inconvenience caused - over and above what would be reasonably expected when dealing with a claim - is fair and within the limit of awards we give for similar circumstances.

My final decision

My final decision is that I uphold this complaint. I require AA Underwriting Insurance Company Limited (AAUICL) to pay Mr B the equivalent of three days' earnings at the rate set out under the earnings document he has provided - subject to reasonable proof of regular similar payments in the six month period before. Mr B will need to provide this to AAUICL directly.

AA Underwriting Insurance Company Limited should pay interest on the amount from 19 June 2022 to the date it pays Mr B at a rate of 8% simple interest a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 August 2023.

Geraldine Newbold
Ombudsman