

The complaint

Mrs V is unhappy Aviva Insurance Limited's handling of her motor insurance claim.

What happened

Mrs V is represented in this complaint by her husband, Mr V. Mr V is also the owner of the vehicle insured by the policy in question and was a named driver on the policy.

Mrs V was insured via a policy underwritten by Aviva. In May 2019, she was involved in an accident with a third party vehicle. A claim was submitted to Aviva.

There were some initial delays and difficulties with the claim, including obtaining CCTV footage of the incident. Mrs V felt the third party was fully liable for the claim. However, having reviewed the footage, Aviva didn't agree, considering the issue to be one of joint liability. Largely speaking these issues have been resolved and this complaint focuses on the actions which followed.

Having inspected the car, Aviva's engineer considered that the cost of repairing it was so high that it was uneconomical to repair. The cost of repairs were estimated at just under £2,400, and Aviva valued the car at just under £3,000 – taking into account the pre-accident condition. Aviva therefore considered the car to be a total loss.

Despite Mr V disputing this and expressing that he wanted to have his own garage assess the damage and then retain the salvage even if the car was a total loss, Aviva's engineer sent the car to be scrapped. Mr V had to travel to the salvage yard to recover the vehicle. Aviva has compensated Mr V for the trouble and inconvenience he experienced as a result of having to travel to the salvage yard. And Mr V has said he is satisfied with this element.

However, Mr and Mrs V did not agree that all the repairs Aviva's engineer said were required, were actually necessary. They feel this means the car should not have been considered a total loss. The car being considered a total loss was registered with the DVLA and Mr V has said that this has devalued the car.

Largely speaking, the dispute here relates to whether the suspension of the car had been compromised to the degree that it needed replacing. Aviva's engineer has said that the inspection of the vehicle, including a geometry check, indicated that the front right camber of the car was out of alignment. And that several parts of the suspension needed replacement as a result.

Aviva settled Mrs V's claim with a cash settlement. This was based on the pre-accident value of the vehicle, taking into account pre-accident damage. Mr and Mrs V kept the salvaged vehicle and so the cash settlement was further reduced.

Mr V disagreed with Aviva's conclusions though and said that his own garage had determined that the suspension did not require replacing. After obtaining the salvaged vehicle, this garage had carried out repairs costing around £600, which did not include replacement of the suspension. Mr V complained, on behalf of Mrs V, about Aviva's decision

and actions, and the complaint was ultimately referred to this service.

Our investigator didn't uphold the complaint. She felt Aviva acted fairly and reasonably by relying on the findings of the engineer it had instructed. And that, as these findings indicated the cost of repairing the vehicle was likely to be uneconomical, Aviva was entitled to consider the car a total loss.

Mr and Mrs V didn't agree with this. Mr V made numerous comments. These included that Aviva should have obtained a second quote, that he would have been happy to accept the minimum required repair of the car that was needed, and that sending the vehicle to be scrapped without his express permission was a breach of the contract of insurance.

Mr V also made a number of comments relating to how he was calculating his financial losses. This included how pre-accident damage was factored into the settlement figure. Mr V also provided a copy of the MOT that has since been carried out on the vehicle and feels this shows the suspension did not require replacement.

However, none of these points altered the investigator's opinion and so the complaint has been passed to me for a decision.

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 first issue to address is whether or not the vehicle in question required the level of repair Aviva concluded that it did. I consider this is the key argument in this case. And Mr V has strongly expressed his disagreement with Aviva's decision.

If these repairs were not necessary, Aviva should not have considered the car a total loss and should have paid for the cost of repair. Any other associated financial losses as a result of the car being considered a total loss would not have been incurred.

However, if Aviva was correct to conclude the replacement of the suspension parts was necessary, then it is likely considering the vehicle a total loss was appropriate and the settlement provided would also be correct.

There are some additional arguments I will need to consider, but this is the heart of the matter.

We would usually consider it is reasonable for an insurer to be entitled to rely on the conclusions of an expert. Mr V has said that Aviva should have obtained multiple quotes, but I am not persuaded that this was necessary in this case. Such a practice is not normal in insurance claims and I have not seen anything to persuade me that Aviva ought reasonably to have acted differently in this claim.

The report from the engineer concluded that there was damage to the suspension causing the camber of the right-hand front wheel to be out of alignment. It also concluded that several parts of the suspension required replacement as a result. Aviva's engineer has said that it is not possible to adjust the camber on this vehicle and so the parts needed replacing.

Mr V has largely relied on the result of a geometry test carried out by his garage. However, the results of this test match those of Aviva's engineer. Both show the camber of the right-hand front wheel to be out of alignment by around 0°50'. The report from Mr V's garage shows the acceptable tolerance for the camber is 0°30', which was exceeded in this case.

It isn't clear why Mr V's garage determined that it was appropriate not to repair something that exceeded the relevant specifications. But given this variance outside of the accepted tolerance, I am not persuaded it was inappropriate for Aviva's engineer to conclude the repairs were necessary. And I also consider it was fair and reasonable for Avia to rely on this report when assessing Mrs V's claim.

I do note that Mr V has provided a copy of the MOT certificate showing that the vehicle was considered roadworthy, apparently without it having had any significant repairs to the suspension. However, Aviva has said that an MOT assessment:

"does not check for wheel alignment and will only do a visual check on suspension components, looking for 'play'."

This statement is seemingly in line with the guidance given by the "MOT inspection manual: cars and passenger vehicles" available on the www.gov.uk website. So, it does not appear any issue with the camber itself would have been a consideration of the MOT assessment. As such, the granting of the MOT certificate for this vehicle has minimal bearing on whether Aviva's decision in this case was fair and reasonable.

Mr V has indicated that he would have been happy with repairs not to have included the suspension, regardless of whether it was damaged. But, Aviva has a responsibility to ensure that repairs are carried out to an appropriate standard. And given the camber was outside the tolerated variance, I consider it was reasonable for them to conclude these repairs were the minimum necessary.

Ultimately, I consider that Aviva's decision that the replacement of the suspension parts was necessary to be fair and reasonable.

The most Aviva was required, by the terms of the policy, to pay Mrs V was the pre-accident market value of the car. The cost of the repairs deemed necessary to return the car to its pre-accident condition were quoted to be around 80% of the pre-accident market value of the vehicle.

This valuation was made by Aviva's engineer relying on motor trade guides. These guides are used across the insurance industry and are generally considered to provide reasonable estimates of an average car of the relevant model and age. In this case, these guides provide figures for the car of between around £2,900 to £3,400. Aviva based its valuation at the top end of this, so I consider this to be reasonable.

The actual pre-accident condition of the vehicle in question also needs to be taken into account however. Aviva's engineer assessed this to mean that the valuation should be decreased by £500. Given the comments of the engineer, as well as the photos provided as part of the report, I have seen nothing to persuade me that this reduction was inappropriate. Additionally, even if the pre-accident damage to the car should not have reduced its value by as much as £500, the settlement provided by Aviva was still within the region of the values provided by the industry guides.

So, I consider Aviva's decision to value Mr V's car at around £2,900 was fair and reasonable. As such, I consider Aviva's decision to consider it uneconomical to repair this vehicle at a minimum cost of around £2,400 was also fair and reasonable.

The repairs costs were about 80% of the pre-accident value. Many insurers consider it uneconomical to repair a vehicle once the repair costs reach a percentage of the value far less than this. So, I consider Aviva's decision here was in line with industry practice, and I don't think it would be fair or reasonable to expect Aviva to act differently to other insurers.

When a claim is settled in cash because the vehicle in question is considered uneconomical to repair, and hence a total loss, the vehicle becomes the property of the insurer. We normally consider it good practice for an insurer to allow a policyholder to purchase the salvage of the vehicle.

Aviva has said that it would have been able to sell the salvage for 30% of the vehicle's value. This is in line with what other insurers receive for salvage, and I've seen nothing to suggest this was incorrect. The claim settlement of just under £3,000 was reduced by 30%, with the excess then being deducted also. And Mr and Mrs V ultimately retained the salvage. As such, the combination of cash settlement and salvage meant that Mrs V had been 'paid' the pre-accident market value of the car and the claim was settled in full.

Mr V has said that as a result of Aviva registering the car as a total loss with the DVLA, the value of the car has been reduced. However, once the car was considered a total loss, Aviva was correct in reporting this to the DVLA. The Association of British Insurers' "Code of Practice for the Categorisation of Motor Vehicle Salvage" makes it clear that Aviva was required to make the relevant entries as soon as the car was inspected and categorised as salvage. As I consider the car was correctly assessed as being a total loss, Aviva acted appropriately by registering the car as such.

It should be noted that the fact the car was incorrectly sent to be scrapped has no bearing here. Whilst that was an error Aviva has admitted to, it is the inspection of the vehicle and resultant categorisation that leads to the registration being made. What physically then happens to the car is a separate matter. I do agree that Aviva should not have sent the car to be scrapped in the circumstances. But they have compensated Mr V for the direct impact of this, and he has said he is satisfied with that compensation for his inconvenience.

Mr V has though also suggested that, if the suspension was damaged, the car should have fallen under a different category of salvage. I don't agree, as the other category he has mentioned relates to structural damage (i.e. to the chassis or frame of the vehicle), and damaged suspension would not be considered structural. Under the definition of the category Aviva applied, the Code above actually comments that:

"While the damage to the vehicle has been noted as non-structural, there may still be some safety critical items that require replacement e.g. steering and suspension parts."

In summary, I consider Aviva acted fairly and reasonably by concluding this car to be a total loss. The evidence is persuasive that the suspension parts required replacement and that the cost of this meant the repairs were uneconomical. Aviva then provided Mrs V with an appropriate settlement of her claim, and fulfilled its obligations with the DVLA.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 23 September 2020.

Sam Thomas

Ombudsman