

The complaint

Miss T complains that Ageas Insurance Limited mishandled her claim on a motor insurance policy.

Where I refer to Ageas, I refer to the above-named insurance company and I include employees and others insofar as I hold Ageas responsible for their acts or omissions.

What happened

The subject matter of the claim and the complaint is a hatchback car first registered in about 2015. Miss T had it subject to a finance agreement.

For the year from May 2021, Miss T had the car insured on a comprehensive policy with Ageas.

Unfortunately, in mid-July 2021, Miss T reported that the car had been damaged by ingress of water.

By late July 2021, Ageas said the car was a total loss. Ageas said its pre-incident valuation was £5,000.00. Ageas deducted a policy excess of £200.00 and settled the outstanding finance. It paid Miss T the balance of £1,340.64.

In late March 2022, Miss T complained to Ageas that she hadn't been given the option to keep her damaged vehicle.

By a final response dated April 2022, Ageas turned down the complaint but said it had increased the valuation to £5,470.00 and paid Miss T a further £470.00. Miss T brought her complaint to us in early May 2022.

Our investigator didn't recommend that the complaint should be upheld. He thought that Ageas hadn't acted unfairly.

Miss T disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint. She says, in summary, that:

- The damage was to the interior of the car, not to the structure or the engine.
- The car was written off under category S, so she should've been given the option to keep the damaged car and repair it. Ageas did not discuss the category or give her this option. As a result she has been out of pocket.
- She has long-term health conditions and needs a car. She did request that she wanted to keep the car as she needed it.
- Not having a car put pressure on her health, for which she expects to be compensated.

- The car was repaired and back on the roads within weeks.
- Ageas gave very poor customer service.

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.

An insurance company that has made a financial outlay on a claim will commonly treat the claim as a "fault" claim against its policyholder unless and until it recovers its outlay in full, typically from a third party who caused damage. There may be a number of reasons why an insurer can't recover its outlay. So an insurer may record a fault claim against a policyholder who didn't cause the damage.

Any claim – especially a fault claim – is likely to cause insurers to quote higher for renewal or replacement of the policy.

Where an insurer treats its policyholder's vehicle as a total loss and pays its pre-loss value, the damaged vehicle becomes the property of the insurer.

If the policyholder said that she wanted to keep (or "salvage") and repair the damaged vehicle then I would expect an insurer to discuss this (and a salvage payment) with the policyholder. But I wouldn't regard it as unfair for an insurer not to initiate a discussion about salvage with a policyholder who hadn't said she wanted to keep the damaged vehicle.

As water ingress caused the damage, there was no prospect of Ageas recovering its outlay. So I don't find that Ageas treated Miss T unfairly by recording a fault claim against her.

From the engineer's report, I see that the car had damage to its floor, electrical items and seats. The engineer said it was in salvage category B.

I've noted the make, model, age, below-average mileage and good condition of Miss T's car in July 2021.

For a car like Miss T's in July 2021, I've seen retail prices in the trade guides as follows:

CAP	£4,975.00
Glass's	£5,310.00
Cazana	£5,568.00

Of course, Miss T would've preferred the highest valuation. But Ageas's valuation of £5,000.00 was within the range of these valuations. So I can't say that it was unfair or unreasonable.

I've seen a letter dated early August from Ageas to Miss T. It asked her to deal with the V5 registration document. From that, I find that Miss T knew that Ageas intended to pay the pre-damage valuation and to keep the damaged car. If she had asked about keeping the damaged car and getting it repaired, then I would've expected her to raise that with Ageas at that time.

Miss T was freed of the outstanding finance and she received the payment of about £1,300.00.

Ageas has told us that there was a change to category S, and it has sent us a further report saying that it recovered a salvage value of £1,100.00.

Several months went by before, in late March 2022, Miss T complained that Ageas hadn't given her the option to keep the damaged vehicle. From what she says, this was prompted by the discovery that Ageas had sold the damaged vehicle, and someone had repaired it and got it back on the road.

More recently, Miss T has told us that she had asked to keep the car. But I find it likely that, if she had asked, Ageas would've referred to the write-off category B or S. So Miss T's statement that she asked isn't consistent with her other statement that Ageas didn't discuss the category or give her the option to keep the car. So I find Miss T's recollection unreliable.

As I don't find that she asked about keeping the car, I don't find it unfair for Ageas not to have initiated a discussion about salvage with Miss T.

If Miss T had wanted to keep the damaged car, she would've had to pay (or suffer a deduction) of a reasonable salvage value. She would also have had to pay to repair it – yet the car wouldn't have had the same market value as a similar car that hadn't been written off.

In response to the complaint, Ageas increased its valuation to £5,470.00. Again, Miss T would've preferred the highest valuation. But Ageas's valuation was within the range of the retail valuations in the trade guides. And I don't think that Miss T has complained that it was unfair or unreasonable.

Miss T hasn't provided enough detail or evidence to show that Ageas was responsible for poor customer service.

I can understand that Miss T feels the loss of her car and its impact on her health. But I don't consider that Ageas treated her unfairly, causing her loss, ill-health or distress and inconvenience. So I don't find it fair and reasonable to direct Ageas to pay Miss T compensation or to do any more in response to this complaint.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Ageas Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 29 August 2022.

Christopher Gilbert

Ombudsman