

The complaint

Mr K complains about Liverpool Victoria Insurance Company Limited's (LV) handling of his claim following the theft of his vehicle under his motor insurance policy.

What happened

In January 2022 Mr K's vehicle was stolen. It was recovered by the police but had been damaged during the theft. Mr K contacted LV and it arranged for the vehicle to be collected and the damage assessed.

Mr K says there were a number of delays, and poor communication when dealing with his claim. Additional damage was caused to his vehicle when it was being held by LV's agent. The vehicle was subsequently determined a total loss. Mr K was offered a settlement payment of £11,050. He disputed the valuation and LV subsequently increased its offer to £13,075 less its policy excess. Because of the issues he experienced Mr K raised a complaint.

LV apologised for the time taken to reach its total loss decision. It accepts damage was caused due to the vehicle being left in the open, with a smashed window and missing rear cover. It paid £350 compensation for the impact this had on Mr K.

Mr K didn't think this outcome was fair. He says he was without a courtesy car during this period. He also says the impact has cost him more than the £350 compensation provided by LV. Because of this he referred his complaint to our service. Our investigator upheld his complaint. She didn't think we could consider the courtesy car issue as this hadn't been raised with LV by Mr K. But she thought an additional £150 compensation was fair to acknowledge the poor standard of service.

Mr K didn't agree to this outcome and neither did LV, so 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 to uphold Mr K's complaint. Let me explain.

From the information provided I can see Mr K's vehicle was initially retained by the police for a few days at the end of January 2022 whilst it investigated the theft. Within a week the vehicle had been collected by LV's agent. The records show an inspection of the car took place around a week after it was collected.

I've read the engineer's report from this inspection. Based on the cost of repairs, when compared against the estimated value of the vehicle, a repair was thought to be viable. LV refers to another engineer who was needed to inspect the damaged wiring around the vehicle's immobiliser. From the records I can see Mr K made several contacts with LV to find out what was happening during this time. The records don't support this having been clearly

explained or that LV was proactive in updating Mr K.

A further inspection of the vehicle was arranged for the end of March 2022. I understand Mr K arranged to attend with LV's engineer. It was at this inspection that Mr K identified further damage to the interior of his vehicle. He says one window was broken and one was left open. This allowed rainwater to soak the cab and result in mould growth. I note the rear cover for the vehicle was also missing and this resulted in damage to the tools Mr K kept in the rear.

I can see that it took several weeks, up to the end of March 2022, for the final decision to be made as to whether Mr K's vehicle was repairable. It was then confirmed to Mr K that the vehicle was a total loss and he was offered £11,050 as a settlement payment.

I've read the contact records in detail, as well as considering Mr K's testimony. I don't think a good standard of communication was achieved by LV when handling his claim. I understand it had to be established if the wiring issue was repairable. But it took around seven weeks from the first engineer's report to decide the vehicle was a total loss. I think this should've happened quicker. It also appears that the onus was on Mr K to find out what was happening.

I can understand why Mr K was upset when he found his vehicle to be in a worse condition than it had been after the accident. I'd expect LV's agent to ensure it protected it from the elements given it had a broken window. From what I understand a window was also left open after the theft – it's not clear if this could be closed – but again this shouldn't have been left exposed to the weather, which caused further damage.

In its submissions to our service LV says its repairer always felt the vehicle would be a total loss, due to the nature of the electrical damage and the need for further investigation. I acknowledge its comments. But I don't think this is clear from the initial engineer's report, or that this was explained to Mr K at an early stage.

Mr K's policy terms say if his vehicle is damaged it will pay for it to be repaired or, if it's a total loss, it will pay the market value. The terms define market value as the cost of replacing the vehicle with the same make, model, age, mileage, and condition, calculated immediately before the loss.

I asked LV for its engineer's report that shows why the vehicle was considered a total loss. From Mr K's comments he felt this was the result of damage caused when the vehicle was in the possession of LV. I've now seen the final engineer's report. This put the cost of repairs at just over £12,000. This was approaching the market value of the vehicle. Given the costs involved in the repairs I don't think LV acted unreasonably in determining the vehicle a total loss. I don't think it's been shown that damage caused by the vehicle being left in the open was the reason it was considered a total loss.

Mr K says he was disgusted with the initial settlement payment LV offered for £11,050.

I can see that LV offered a final settlement payment of £13,075. It says this was based on the industry trade guides and its engineer's assessment of similar vehicles for sale.

I've thought about whether LV's settlement payment was fair. Our service doesn't provide valuations for vehicles, but we do look to see whether the offer provided by an insurer is reasonable.

In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides. These are used for valuing second-hand vehicles. We find these guides

to be particularly persuasive, largely 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.

I can see LV obtained valuations from three of the trade guides and offered Mr K £13,050. This was based on the valuations and the market examples it found. We obtained a further valuation from another of the guides. This gave a valuation of £12,542 based on the correct make, model, age, and mileage for Mr K's vehicle.

LV offered Mr K a higher payment than the guide valuation we obtained. Based on what I've seen I don't think LV's offer was unreasonable. But I acknowledge Mr K's concern that it's initial offer was far lower. I can understand why he found this upsetting.

Having considered all of this I don't think LV treated Mr K fairly, in light of the poor communication and the delays involved in establishing his vehicle was a total loss. As well as failing to ensure Mr K's vehicle was protected from further damage whilst under its care. This delayed the provision of a settlement payment and the opportunity for Mr K to find a replacement vehicle. I think it's fair that LV compensates Mr K. But I don't think £350 is fair to reflect the overall impact this has had. I agree with our investigator that a total payment of £500 is reasonable in these circumstances (inclusive of the payment already provided).

My final decision

My final decision is that I uphold this complaint. Liverpool Victoria Insurance Company Limited should:

- pay Mr K an additional £150 in compensation for the distress and inconvenience it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 5 January 2023.

Mike Waldron
Ombudsman