

## The complaint

Mr R complains that Accredited Insurance (Europe) Ltd (Accredited) disposed of the salvage of his car resulting in a financial loss for him.

## What happened

Mr R's car was stolen and subject to an arson attack. A separate complaint has been considered by our service regarding Mr R's declined claim and the avoidance of his policy. I won't be considering that here.

Mr R says Accredited disposed of his car as a category A total loss. Whereas he says it was actually a category B total loss. This meant undamaged parts could be salvaged and sold on. Mr R says he wanted to retain the salvage but was denied the opportunity due to errors and poor communication by Accredited.

Accredited acknowledges that it incorrectly disposed of Mr R's car as a category A total loss. It says this should have been a category B total loss. It says its salvage provider would have paid £560 for the salvage of Mr R's car – had it been categorised correctly. It offered this amount to Mr R. He didn't think this was fair. He says there are parts of the car that aren't damaged, and he could get a lot more for the salvage of these parts.

Mr R says he rents a unit in a yard that has a breakers licence. He also says he has a trailer and knowledge of cars. He says he would've been able to use some of the parts on the car he's currently building.

Mr R referred his complaint to our service. Our investigator upheld his complaint. He says that based on the evidence Mr R had supplied he thought a payment of £1,000 was closer to the salvage Mr R could've received for the usable parts of his salvaged car.

Mr R didn't think this was a fair outcome either. He sent screenshots showing second-hand car parts and their selling prices from an online platform in support of his argument. Our investigator didn't change his mind, so Mr R asked for an ombudsman to consider his complaint.

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 R's complaint. I won't be adding to the award our investigator set out, which I understand will be a disappointment to him. But I will explain why I think my decision is fair.

In its final response to Mr R's complaint Accredited identified the salvage of Mr R's car incorrectly as a category A total loss. It says this is defined as, "*All unrepairable fire – smoke damaged vehicles with no useable parts*".

Accredited says Mr R's car was actually disposed of as a category B total loss. It explains the salvage was "*cleared*" as a category A total loss, but this was done in error.

Usable parts from a category B total loss can be recycled. Mr R says there were many parts that could be used from the salvage of his car. He explains that he'd worked on the car over the past six years and could've used the parts in another car he is working on or sold them. I acknowledge his comments that he has lost out financially as a result of Accredited disposing of the salvage instead of returning it to him.

Accredited offered Mr R the salvage payment it would've received had the salvage been disposed of correctly as a category B – but this is significantly less than Mr R's estimate of what the salvaged parts were worth.

Mr R has provided screen shots of numerous car parts for sale online. I acknowledge his view that the salvageable parts of his car are worth between £3,000 and £5,000. And his view that the information he provided supports this.

Mr R told us that he had located the salvage yard that now owns the car. I asked if he could contact it and ask for details of the parts that are salvageable. As well as the value it placed on these parts. I've seen information confirming the salvage yard has ownership of Mr R's car. It has provided a list of some parts that are salvageable and others that it thinks might be. I asked Mr R if he could obtain a full list of salvageable parts to support his claim. Unfortunately, he hasn't been able to provide any further information for me to consider.

We asked Accredited to comment on the information Mr R provided. It says that unless he owns a salvage recovery business, he'd need to employ an agent to deem the parts legally safe for resale. It didn't think Mr R had shown that the salvage of his car was worth what he said it was.

I've thought about whether Accredited treated Mr R fairly when disposing of his car. I don't think it did. From the information I've seen the business disposed of Mr R's car under the wrong total loss category and did so without his permission. The car does have salvageable parts and Mr R explains he would've been in a position to use them on his next build – or he could've sold them.

When the salvage yard contacted Mr R it said the following parts are salvageable (with selling prices), "*rear diff (£400), cradle rear (£225), wheels (£200), callipers front and back (£300), prop shaft (£50)*". It indicates there may be other parts that are salvageable, but it doesn't provide confirmation of this or the value.

I don't dispute Mr R's view that there were salvageable parts he could have either used or arranged to be sold. The salvage yard indicates the value of usable parts was £1,175, which is in excess of the amount Accredited offered him. As discussed, Mr R wasn't able to provide any further information from the salvage yard to show if other parts could be used.

Having considered all of this I think it's reasonable for Accredited to increase the payment it offered Mr R based on the information received from the salvage yard. I acknowledge its point that any salvaged parts would need approving as legally safe for resale. It's likely that Mr R would incur some costs if he arranged for parts to be sold. But he would also have had the opportunity to use the parts he needed for the car he's building. So, I think it's reasonable to accept there were salvageable parts that Accredited disposed of unfairly and this has disadvantaged Mr R.

In these circumstances I agree with our investigator that £1,000 represents a fair payment for the salvage of Mr R's car.

In summary I don't think Accredited treated Mr R fairly when incorrectly confirming his car was a Category A total loss and disposing of the salvage. To put this right it should pay him a total of £1,000 for the salvage of his car.

### **My final decision**

My final decision is that I uphold this complaint. Accredited Insurance (Europe) Limited should:

- pay Mr R a total of £1,000 for the salvage of his car.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 June 2023.

Mike Waldron  
**Ombudsman**