

The complaint

Mr H complains that Covea Insurance Plc (Covea) incorrectly declared his car a category B total loss after it was damaged in an accident, under his motor insurance policy.

What happened

Mr H was involved in an accident when driving his car in April 2021. He made a claim to Covea. The claim wasn't covered by Mr H's insurance policy, but prior to this decision his car was determined to be a category B total loss. Mr H disagrees with this decision and thinks it should be changed to a category S total loss. He says this type of vehicle is easy to repair, and it should be possible to repair and use it again on the road.

Covea says its in-house engineers have reviewed its decision that the damaged car should be a category B total loss. It maintained that its decision was correct. Covea says although the claim wasn't paid out it owes a duty of care to the public to place a category B marker on this vehicle. This indicates the vehicle can't be repaired and returned to the road, which would put the driver and other road users at risk.

Covea says in his report its engineer advised the vehicle shouldn't be returned to Mr H. It explains the salvage does remain Mr H's property but says it's illegal to save the frame of a category B vehicle or to return it to the road. Covea told Mr H he could obtain his own engineer's report - if this showed its categorisation was wrong it would consider altering the record.

Mr H didn't think this was fair and referred his complaint to our service. Our investigator upheld his complaint. He wasn't satisfied that Covea had done enough to show Mr H's car was a category B total loss. This is because the inspection was only based on photos of the damage. He thought Covea should instruct an independent engineer to inspect the vehicle.

Covea disagreed with this outcome. It says the vehicle was declared a total loss almost two years ago, and there is no guarantee Mr H hasn't carried out repairs. It says the condition of the vehicle may now differ to that at the time of its engineer's total loss decision. Covea says the photos of the damaged vehicle show it was "*extremely damaged*". It says its engineers still believe it should be disposed of and the category B marker should remain.

Because an agreement couldn't be reached the complaint 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 H's complaint. Let me explain.

Mr H isn't disputing Covea's decision not to indemnify him for the damage to his vehicle following the accident he was involved in. So, I won't comment on this in my decision. My focus here is whether Covea treated Mr H fairly when categorising his vehicle as a category

B total loss.

A category B total loss means the vehicle isn't suitable for repair, although some usable parts can be recycled. Whereas a category S total loss (which Mr H thinks is the correct category) means the vehicle has structural damage, but it can legally be repaired and returned to the road.

To understand the extent of the damage I've read the engineer's report Covea provided. This is dated in April 2021 shortly after the accident occurred. It says:

"[Mr H's vehicle] has sustained theft damage to the rear. The cost of reinstating the vehicle back to its pre-accident condition is estimated to be in excess of its pre-accident value; as such the vehicle is considered to be uneconomical to repair."

The engineer valued Mr H's vehicle at £14,542, which he says was in good condition apart from the accident damage. I can see this valuation was obtained using two of the industry trades guides. I think this was fair and is the approach our service would expect to see being used to value the vehicle.

The report also says:

"Salvage Category

Category B: The vehicle is unsuitable for repair, although some parts may be removed and recycled. The vehicle bodyshell should then be crushed in its entirety. NOTE: The vehicle should be removed from circulation and disposed of in accordance with ELV [End of Life Vehicle] regulations: as such any customer request to retain the salvage should be declined."

I've thought about whether this report reasonably demonstrates that the vehicle should be a category B total loss as opposed to a category S as Mr H believes.

Covea doesn't dispute that its engineer based his decision on photos of the damaged vehicle. I've examined the photos it provided. There are four in total. The rear of the vehicle shows considerable damage, particularly the driver's side.

I acknowledge Mr H's comments that this type of vehicle can readily be rebuilt. In his submissions to our service, he asks that a specialist should inspect the damage to ensure the correct decision is made.

I don't dispute the engineer's comments that extensive damage can be seen on Mr H's vehicle. But there is little detail provided in his report and this didn't involve a physical inspection. Clearly significant damage has resulted from the accident. But I'm not satisfied that Covea has demonstrated a sufficiently robust inspection of the vehicle took place for it to be able to reliably conclude this was a category B total loss.

I note Covea told Mr H he could arrange for an inspection himself. If this differed to its engineer's view it would consider changing the total loss categorisation. However, I'd expect Covea to carry out a fair assessment of the damage and be able to demonstrate that its decision was correct. I don't think it did this here.

Having considered all of this I don't think Covea has treated Mr H fairly. To put this right it should arrange for an independent engineer to assess the total loss category of his vehicle. Details of a suitable engineer have been provided to Covea and also communicated to Mr H.

My final decision

My final decision is that I uphold this complaint. Covea Insurance Plc should:

- instruct an independent engineer to inspect Mr H's vehicle and determine the total loss category.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 May 2023.

Mike Waldron
Ombudsman