

The complaint

Mr L complains that Liverpool Victoria Insurance Company Limited (LV) further damaged his car so that it was declared a total loss after he made a glass claim. He's unhappy that LV recorded a claim on his record and with the settlement it offered for the loss of his car.

What happened

Mr L's car was vandalised, and the windscreen was damaged. He made a glass claim to LV and it recovered the car for repair. But LV said the car had further damage that meant it was a total loss. It recorded a claim and offered Mr L £7,745 in settlement for the loss of his car. But Mr L said the further damage to his car had occurred after it was recovered by LV. He was unhappy with this, the settlement offered and that a claim was on his record.

Our Investigator recommended that the complaint should be upheld. She thought LV hadn't done enough to show that the further damage had been caused by the initial vandalism. She thought it should remove the claim from the Claims and Underwriting Exchange (CUE) database. She thought LV's settlement offer for the loss of the car was fair and reasonable. But she thought LV should pay Mr L £500 compensation for the trouble and upset caused.

LV replied that its engineer thought most of the further damage was caused by the vandalism of the windscreen, and so a vandalism claim should have been made. It thought this had been correctly recorded on CUE.

It thought two areas of damage were due to wear and tear, but it couldn't substantiate this. So it paid Mr L £984 cash in lieu for these and paid to valet his car. Mr L remained unhappy, so it paid him a total loss settlement, less the glass excess, but Mr L hadn't released the car's salvage. It said it had already paid Mr L an amount in excess of the market valuation, so it didn't think further compensation was warranted.

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.

I can understand that Mr L felt frustrated that his car was declared beyond economical repair after he had made a claim for a replacement windscreen. I can see that he has raised further concerns about LV, but I can't consider those here as it hasn't had a chance to respond to him.

LV maintains that most of the bodywork damage to the car was due to broken glass and the vandalism. And so it said a vandalism claim rather than a glass claim should be recorded. It also said its agent wasn't responsible for most of the damage, just for two areas that it couldn't link to the incident.

We're not engineers. We don't assess whether or how damage to a vehicle would be caused as this is a matter for the experts in these situations, the insurance companies and engineers. Our role in these complaints is to determine whether an insurance company has considered all the available evidence and whether it can justify its decision about damage and repairs.

LV relied on its in-house engineer's desk-top assessment of the further damage reported by Mr L and a field engineer's report to decide that seven of the nine areas of damage were caused by the vandalism.

This field engineer inspected the car two months after the incident. Photographs taken then show the damage to be very apparent.

LV provided photographs taken by the recovery agent after the incident and before the car was recovered. These don't show any of the further damage Mr L later reported. And the check-in sheet completed by the recovery agent doesn't list any damage to the car other than to the windscreen.

LV hasn't explained why there is such a discrepancy between the two sets of images or why the check-in report didn't note the damage if it was already existing. And so I'm not satisfied that it has justified its decision that most of the damage was related to the vandalism rather than to the recovery and storage of the car. And so I think it's responsible for this and for the consequent loss of Mr L's car.

When a business makes a mistake, as I think LV has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

LV said it paid Mr L the market value for the loss of his car. The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable.

In assessing whether a reasonable offer has been made, we obtain valuations from 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 take into account regional variations. We also take all other available evidence into account, for example, engineer's reports.

I can see that LV checked in the motor trade guides we use for cars of the same make, model, age, mileage and condition as Mr L's car at the date of its loss. The settlement it offered him was within the range of the valuations it found. So I think the valuation was fair and reasonable and I don't require LV to increase this.

LV said Mr L hadn't yet released the car's salvage. After a total loss claim has been paid, then the car's salvage belongs to the insurer unless the consumer has paid to retain it. LV paid Mr L a settlement for the car's total loss which he accepted. And so I'm satisfied Mr L should release the car to LV.

LV said it had recorded a claim against Mr L as the further damage to the car's bodywork was due to vandalism. But I think LV unfairly treated Mr L's glass claim as a vandalism claim. And so I'm satisfied that it should remove the record from CUE.

LV said it had already paid Mr L more than the car's valuation as it paid him £984 cash in lieu of repairs for two areas of damage it couldn't link to the vandalism. And it provided him with a courtesy car outside his policy's provision.

But Mr L was unable to drive his car due to broken glass that hadn't been removed by LV. And it was LV's engineer's decision that the two areas of damage were most likely caused by its agent. So I don't think it's fair or reasonable to penalise Mr L for this.

If Mr L's glass claim had been correctly handled, then he wouldn't have lost his car, which had sentimental value for him, and he wouldn't have had to raise his dispute with LV. This has caused Mr L considerable trouble and upset over a lengthy period. Mr L made it clear to LV that this was affecting his health. And so I think it should reasonably pay him £500 further compensation for this, in keeping with our published guidance.

Putting things right

I require Liverpool Victoria Insurance Company Limited to do the following:

1. Remove records of the vandalism claim from CUE.
2. Pay Mr L £500 compensation for the distress and inconvenience caused by its handling of his claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 21 August 2023.

Phillip Berechree
Ombudsman