

The complaint

Mr R complains about the way Liverpool Victoria Insurance Company Limited (LV) handled a claim he made under his motor insurance policy.

What happened

In October 2023 Mr R was involved in an accident and he made a claim on the motor insurance policy he had with LV. LV inspected his car and it was taken to a garage (garage H) for repairs about four weeks later. When his car was returned to him, Mr R said not all the damage had been repaired. LV instructed a vehicle assessor to carry out a post repair inspection of the vehicle. They identified some issues that needed to be repaired and others that couldn't be ruled out as being part of the claim. So, LV sent the car back to garage H for further repairs. It then arranged for it to be taken to a garage that specialised in cars like Mr R's (garage J) to check for any further damage that might have been caused by the accident. Garage J assessed the car and identified a number of issues that would require about £7,000 worth of work. Mr R said he wanted LV to either repair the car to its full pre-accident condition or declare the car a total loss.

LV instructed the assessor to inspect the car again. They identified one issue that needed resolving, two that were unlikely to be related to the accident but needed further investigation, and 16 issues that were not related to the accident. LV made a mistake at this point and told Mr R that all the issues identified were due to wear and tear and not covered under Mr R's policy. It offered him £75 compensation because it hadn't repaired all the damage on the first occasion and a second repair had been necessary.

Mr R remained unhappy and LV instructed one of its engineers to inspect the vehicle while it was at garage J. He identified six issues that needed to be rectified. He thought nine other issues were either caused by wear and tear or were otherwise unrelated to the accident. Garage H completed the repairs identified by the engineer but Mr R remained unhappy as he didn't think all the damage caused by the accident had been repaired.

LV reviewed matters again and corrected the information it had given previously about the work that was needed on Mr R's car. It also increased its offer of compensation from £75 to £100 due to the inconvenience of having to return his car for further repairs. Mr R wasn't happy with this outcome and said he was still experiencing problems with his car.

Our investigator thought LV needed to do more to put things right. He thought it was fair for LV not to cover Mr R's claim for those issues identified as wear and tear. But he thought LV should pay Mr R a further £150 (on top of the £100 already paid) for the delays in fully identifying the issues that needed repairing and for some poor communication.

As Mr R didn't agree, his complaint has been passed to me to make a final decision.

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.

The terms and conditions of Mr R's policy said that if his car was damaged in an accident LV would either pay for it to be repaired, replace what's damaged or pay the market value of the car if it was a total loss. The terms go on to say that LV won't pay for wear and tear, the car losing value or for any repairs that have made the condition of the car better than it was before the loss or damage happened.

LV decided Mr R's car could be repaired and started the process of assessing the damage and making those repairs. There's no doubt it took longer for LV to repair the car than it should have done, and I'll consider that aspect of Mr R's complaint later in this decision. But Mr R's main concern is that LV didn't fully repair his car to its pre-accident condition. He says his car was left with gearbox problems, electrical faults, suspension issues and was generally left in an undriveable state. He told us he was later forced to sell the car for scrap. So, I'll first consider whether or not LV acted reasonably when deciding to repair some of the issues identified but not others.

Wear and tear issues

When his car was first returned to Mr R, he identified several issues that hadn't been rectified. A vehicle assessor said further repairs were necessary and recommended that garage J be asked to diagnose some of the issues raised. Garage J then carried out a full health assessment on the car and identified a significant number of issues that either needed urgent attention or were simply advisory. It totalled about £7,000 worth of work.

LV noted that garage J had carried out a full assessment rather than a diagnostic report, so it asked the vehicle assessor to review matters to work out which of the issues identified were likely to have been caused by the accident and which were wear and tear issues. The assessor noted that the car's battery needed replacing but otherwise they thought all the issues were either caused (or likely to have been caused) by wear and tear.

As Mr R remained dissatisfied, LV asked one of its engineers to carry out another assessment. He inspected the car while at garage J and considered each of the issues that garage had identified as needing work. He also took the car for a test drive and noted that the car drove in line with a car of that age and mileage. He too said the battery needed replacing and identified five other issues that needed work. But he said the remaining issues were either not related to the accident or were otherwise caused by wear and tear. That included the suspension bushes and the oil leaking from various engine points. He said he couldn't find an issue with the gearbox but noted that garage J had said it needed servicing. I note that garage J subsequently supported the engineer's assessment that many of the issues were unrelated to the accident.

LV arranged for the work identified by the engineer to be completed but refused to carry out any further repairs as it didn't think the remaining issues were covered by Mr R's insurance policy. And, based on the evidence I've seen, I think that decision was fair and reasonable. Mr R's policy clearly states it doesn't cover him for wear and tear or any issue that might make the condition of the car better than it was before the accident. The engineer clearly set out the areas he thought were caused by the accident and those that weren't. I recognise Mr R disputes that assessment, particularly as he believes there were no issues with his car before the accident. But without any further evidence to support those assertions, I don't think it would be fair to say LV are responsible for carrying out any further repairs.

The delay in completing the repairs

It's not in dispute that the repairs took longer than they should have done. Mr R's car had to

go back for repairs twice more after it was first given back to him in November 2023. Further work was identified later that month and then again in January 2024. On each occasion, Mr R had to point out the issues he believed needed further work. An assessor or engineer was then instructed to re-assess the damage. And, on each occasion, it was agreed that further work was necessary.

During that time, Mr R was in frequent communication with LV to try to get his car fully repaired. And LV gave him the wrong information on at least one occasion when it said all of the issues identified by the assessor were caused by wear and tear when, in fact, the assessor had identified further work that needed to be rectified.

Putting things right

So, I think it was right that LV took action to recognise this poor service. It offered to give Mr R compensation of £100 by way of recognising the impact on him. Our investigator thought that amount should be higher and so do I. He recommended a further £150 and, on balance, I think that would be a reasonable way of recognising the impact on Mr R of the delay in repairing those issues LV eventually identified as being needed. I can see that he was given a hire car over this period, so he had use of a car while his was being repaired. Nonetheless, I can understand how frustrating it must have been for Mr R to continuously have to go back to LV to raise his concerns, and then have the uncertainty of not knowing whether his car would be returned to him fully repaired. I think a total amount of £250 would be a reasonable way of putting things right for Mr R in all the circumstances. As LV has already paid Mr R £100, I think it should pay him a further £150.

My final decision

In light of the above, my final decision is that Liverpool Victoria Insurance Company Limited should pay Mr R a further £150 on top of the £100 it has already paid him for the poor service I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 27 August 2024.

Richard Walker
Ombudsman