

The complaint

Mr F has complained about the handling of a claim under his motor insurance policy by Liverpool Victoria Insurance Company Limited ("LV").

What happened

The background to this complaint is well known to both parties, so I won't repeat the details in full again here. In summary Mr F complained that LV didn't discuss a claim made on his policy before settling the claim with the third-party insurer. Mr F was also unhappy that LV recorded the claim as "fault". LV accepted that the service it had provided had been poor and offered £100 in compensation.

Mr F remained unhappy and referred the complaint to our service. Following our involvement LV offered a total of £634 in compensation and confirmed that they had recorded the incident as "non-fault".

Our investigator felt that this was a fair outcome in the circumstances. He asked Mr F to let him know if he wished to accept the offer. Mr F indicated that he did wish to accept, on the condition that databases were amended to reflect the fact that the outcome of the claim was recorded as non-fault.

The case was treated as resolved and LV promptly made the settlement payment. Mr F was unhappy with the settlement – he thought it was going to be £100 more.

As no agreement has been reached the matter has been passed to me to determine.

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, and although I'm sorry to disappoint Mr F, I'm satisfied that the settlement offered by LV is fair. I will explain why.

The relevant regulators rules say that insurers must handle claims promptly and fairly. So I've taken those rules into account, along with other relevant considerations such as the contract terms and the relevant regulatory guidance and principles, when deciding whether I find LV treated Mr F fairly.

LV didn't provide Mr F with the service he could rightly expect. It has accepted that it paid out the claim rather than looking into as much as it should have. It accepted too that it didn't do enough to make Mr F (or Mrs F the named driver) aware that it was settling the claim on a 50/50 basis. In the final response letter LV apologised and offered £100 in compensation.

LV subsequently looked into the matter further and proposed to compensate Mr F a further £534 – so together with the amount already paid this came to £634 in compensation. It agreed to change the claim to show as non-fault.

I recognise that there has been some confusion – Mr F had understood that the “total compensation” was to be £734. That is, he didn’t realise that the offer put by our investigator included the £100 already paid. He said that had he understood that he wouldn’t have accepted the offer.

I can see how the confusion arose. And I agree that compensation was due for the length of time taken to settle the claim and the communication failings which would have been inconvenient and stressful. But having considered all the circumstances I’m satisfied that the offer of compensation of £634, to include the sum already paid, is fair. I’m sorry to disappoint Mr F, but it follows that I don’t require the total compensation payment to be £734. For the avoidance of doubt any sum or sums already paid do not need to be paid again as a result of this decision.

My final decision

Liverpool Victoria Insurance Company Limited has made an offer to settle this complaint which I find is fair.

I require LV to:

- Pay Mr F a total of £634, if it hasn’t already done so
- Record the claim as “non-fault” on all applicable databases

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr F to accept or reject my decision before 25 September 2024.

Lindsey Woloski
Ombudsman