

The complaint

Mr S complains Liverpool Victoria Insurance Company Limited (LV) unfairly dealt with his claim on his motor insurance policy and caused delays with repairs.

There are several parties and representatives of LV involved throughout the complaint but for the purposes of this complaint I'm only going to refer to LV.

What happened

In July 2023 Mr S hit a third-party vehicle whilst driving his car on a roundabout. He contacted LV to make a claim.

The car was assessed by LV's approved engineer, and it was deemed repairable. The repairs were authorised. The required parts were ordered from the car manufacturer and the repair work was started. There was a delay with one of the parts and the car manufacturer was unable to give a timescale when it would be received.

Mr S requested that LV classed the car as a total loss due to the unknown delay in obtaining the part. This was refused.

LV provided Mr S with a small hire car at the start of November 2023

As Mr S was unhappy with LV he brought a complaint to our service in December 2023. He said a reasonable amount of time to repair his car would have been six weeks. He wanted LV to pay significant compensation to him from six weeks after the incident, plus an amount for depreciation of his car and a refund of his insurance premiums and road tax.

The part arrived in March 2024 and unfortunately further damage was caused when fitting this part and another new part had to be ordered from the car manufacturer. This arrived in June 2024 and the car was finally returned to Mr S towards the end of June 2024.

In July 2024 our investigator upheld the complaint. They looked into the case and agreed LV took too long to diagnose the required repairs. They also said compensation is due for the delay when a further part was required in March 2024. They did not uphold Mr S's complaint about the delay in waiting for the manufacturer parts after the repair diagnosis. They recommended LV pay £500 compensation in total for the mistakes made and delays within its control.

LV accepted our investigators view recommendations.

As Mr S is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

What I provisionally said

It initially took LV approximately five weeks to assess the damage to Mr S's car and to decide the car was economically viable to repair. I agree that five weeks was longer than

was necessary and I have not seen any evidence to explain the reason it took so long. Therefore I agree LV caused an avoidable delay up to this point in the claim.

The required engine mount part was then ordered from the car manufacturer who said there was a delay. I saw when LV asked for a timescale on the delay the manufacturer was unable to be clear, but it didn't say the parts wouldn't be available.

I acknowledge Mr S's frustration in not knowing when his car would be repaired, and I saw he undertook his own online research, which confirmed delays in the car manufacturer obtaining parts for its vehicles.

LV provided Mr S with a small hire car at the start of November 2023 when it became aware that the length of delay for the part from the manufacturer was unknown. I understand this was not a large luxury vehicle as was his damaged car. However Mr S had not added the optional policy extra of guaranteed hire car, so this hire was organised at LV's own discretion and cost.

I think providing the small hire car was a fair offer in the circumstances of this case. I cannot fairly tell LV to also pay Mr S the difference in potential additional costs which may have been payable if a bigger car was hired, as he has requested.

As the delay with obtaining the spare part ran into months I would expect LV to consider other options in addition to provision of a hire car. In this case I saw evidence of LV exploring alternative options to obtain the required part by looking at green parts, but this was not possible. I also saw LV made consideration into deeming the car a total loss, but because most of the repairs to the car had already been completed this was not agreed.

The required part finally arrived almost seven months after it had been ordered and was fitted around 4 March 2024. During the fitting of the part it was found that another part had not been fitted correctly by LV's authorised repairer and a further delay was caused waiting for this part to be sourced and fitted. LV's repairer accepted fault for this issue.

In June 2024 LV said as the car was so close to being finished, because it was a fault claim and because it had provided a hire car it would not at this point deem the car a total loss. I agree that because the car had been found economical to repair and because most of the repairs had been completed it would have been unreasonable to expect LV to declare it a total loss. The car was finally repaired on 27 June 2024.

LV continued to provide car hire to Mr S until he returned it in the middle of April 2024. I saw LV did not terminate the hire. Mr S told our service that he bought a new car in March 2024.

I cannot fairly hold LV fully responsible for the delays with obtaining the required part from the car manufacturer because this was outside of its control. However the delay at the start in assessing and authorising the required repairs was within its control and its authorised repairer accepted responsibility for the delay caused after 4 March 2024.

Putting things right

I acknowledge Mr S has provided a detailed list of amounts he feels LV should pay him which included a refund of some of his policy premiums as he was without his car. I recognise if Mr S were to obtain motor insurance cover for the small hire car, it would likely cost less. However his insurance premiums are paid for the car to which the damage was caused and which there is an active claim. Additionally because he made a claim on his policy, of which he was at fault, no premium is refundable, so I cannot tell it to refund premiums.

Mr S also said he was seeking to be compensated for the depreciation of his car. We do not expect an insurance company to cover any depreciation of a policyholder's vehicle whilst it is being repaired. Depreciation of the car when sold is not covered by this policy. If the car had been classed a total loss at any point in this claim the market value would have been calculated at the point of the accident.

I do acknowledge it took almost a year for Mr S's car to be repaired and I agree this was a significant delay and during this time he was without the use of his own car. And I saw he spent time contacting LV to try and progress the claim and undertook his own research into the manufacturer delays.

I also acknowledge there was an amount of stress and inconvenience over many months, and I recognise there has been some disruption to Mr S's family routines and getting to important appointments during this time.

Therefore, I intend to uphold Mr S's complaint for the same reasons as our investigator, however I think fair compensation is £750. My decision is that I intend for LV to pay Mr S a total of £750 for the distress and inconvenience caused by the delays that were within its control. This is in line with our service's approach.

Responses to my provisional decision

Neither Mr S nor LV made a response.

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.

As neither Mr S or LV brought any further comments, I maintain my provisional decision and I uphold Mr S's complaint.

I require Liverpool Victoria Insurance Company Limited to pay Mr S a total of £750 for the distress and inconvenience caused due to the level of service provided and the delays it caused.

My final decision

For the reasons I have given I uphold this complaint.

I require Liverpool Victoria Insurance Company Limited to pay Mr S a total of £750 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 October 2024.

Sally-Ann Harding
Ombudsman