

DRN-5180219



The complaint

Ms R has complained that Liverpool Victoria Insurance Company Limited trading as LV unreasonably declared her car as a total loss following an accident when she made a claim under her motor policy. She further complained about the delay, the salvage retention percentage, and parts of her car being damaged or missing after the accident.

What happened

In December 2023, Ms R whilst reversing in a carpark reversed into a kerb or object causing damage to the underside of her car to include the coolant system.

Ms R felt that LV assessed her car as a total loss without proper inspection. She also thought the salvage retention percentage was too high when she made a decision to retain the car in order to repair it. She maintained that as the front of her car was stripped by LV, further damage to her car occurred. She complained that her claim was poorly dealt with and delayed. She complained that as a result she felt she was unable to repair her car due to the excessive costs.

LV issued a final response letter on 22 March 2024. It said its engineer examined the repair estimate, the report from an independent engineer plus the further independent engineer's report from Ms R. Based on all of that it decided her car was a total loss as it was uneconomical to repair. Given Ms R was intent on retaining the car to repair herself, as a gesture of goodwill it reduced the salvage retention figure from £10,615 to £8,500. It also said the market value of Ms R's car was £21,410. And her excess was £600. This meant if Ms R did retain the vehicle what she would be paid is £21,410 less her excess of £600 and less the salvage retention figure of £8,500. It moved her car to a storage facility to await her decision on what she wanted to do.

Ms R ultimately retained her vehicle and LV paid her the market value less her excess and the salvage figure. It also paid her a total of £100 compensation for the delay and lack of updates.

Ms R remained dissatisfied and brought her complaint to us in June 2024. She wanted the total loss decision on her car reversed and reimbursement of the now damaged parts not damaged in the original accident. The investigator was of the view that LV should replace or pay for the missing parts and pay her an additional £100 compensation.

LV agreed to the further compensation but didn't agree it needed to pay anything for any parts. It said its engineer stated all the parts Ms R listed were damaged were included in the initial assessment of the damage. So, Ms R would need to replace those parts herself.

Ms R also disagreed. She has now told us she is getting her car repaired. She mentioned further storage charges of £2,000 and will get a further quote for parts to repair her car which it appears she was intending to forward to us as additional costs. So, Ms R's complaint was passed to me to decide.

I issued a provisional decision on 15 November 2024, and I said the following:

'Having done so I'm intending to uphold this complaint for further compensation only. I'll now explain.'

Within every motor policy and LV's is no different it's for the insurer to make the decision on the claim presented to them. The reason for this is that motor insurers deal with claims daily which their policyholders do not. So, they have a more experienced handle of cogent claims management to include the risks.

LV's policy says the following:

'We're entitled to:

- have total control to conduct, defend and settle any claim; and*

- *take proceedings, in your name or in the name of any other person claiming under this insurance, at our own expense and for our own benefit to recover any payment we've made or to pursue a claim for damages.'*

Ms R accepted these terms when she decided to buy LV's policy. So, LV did nothing wrong in deciding Ms R's car was a total loss as it was solely its decision to make. I also consider LV went to some considerable trouble to explain this to Ms R. LV also instructed its own independent engineers to ensure its decision was reasonable, which those independent engineers confirmed. Therefore, I consider there is no reason to consider reversing this decision as it is a decision for LV to make not Ms R and I consider it came to its decision reasonably and fairly.

Further, which I also consider is reasonable, is that LV permitted Ms R to retain her car to repair herself given its loss category. However, once a car is deemed a total loss by an insurer it becomes the property of that insurer, hence why insurers are entitled to deduct a salvage retention value when a policyholder such as Ms R here wishes to retain the car. I've seen no evidence of the type of percentages Ms R has suggested for salvage retention values being the norm. So, I don't consider such issues that Ms R has raised about this have any merit. Further, I can see that LV reduced the amount of the salvage retention value to £8,500 which was clearly in Ms R's favour, and therefore I consider it's both fair and reasonable.

There is no dispute over the market value of Ms R's car so there is no need for me to consider this. However, it's worth noting that the independent engineer who LV instructed, valued Ms R's car slightly lower than LV's engineer did. However, LV decided to offer its own higher valuation which again was to Ms R's advantage. I consider this is reasonable.

Once the policyholder has been paid the market valuation and in this case the car was returned to Ms R then the insurer's duties to that policyholder end. That's because the insured event has occurred and has been paid by the insurer so until the policyholder puts another car on the policy within the prescribed time limit, what was insured under the policy is completed. Therefore, LV here, has no further responsibility to Ms R so wouldn't be involved in what it costs her to repair her car, any additional storage charges, or any other losses. By accepting the payment from LV for the market value of her car less any deductions there is nothing further LV can be responsible for given the terms and conditions of the policy between it and Ms R. Its duties to Ms R end on its payment of her claim, given her car is deemed a total loss.

Ms R has raised considerable arguments that parts were missing from her car or were damaged subsequent to the accident. LV has to ascertain the cost of the damage to her car following the accident. It's reasonable therefore to strip the car down in the way LV did to ascertain this. All parts stripped down were prepared for any repair which I would expect. Often in recovering the car from the accident site, there could be more damage given the necessary physical movement of the damaged car. As LV indicated that is normal and indeed unavoidable and in any event forms part of the claim. So here that becomes irrelevant since Ms R was paid the market value of her car. I'm not persuaded by the conclusion of Ms R's engineer on this point given the contents of LV's estimate to repair plus its total loss report and the conclusions drawn by LV's independent engineer. The detail furnished by LV is far more encompassing than that of Ms R's engineer to the point that I consider it far more persuasive.

As regards the missing parts I'm also not persuaded there are any. For broadly the same reasons as to why I find LV's engineer's report more persuasive. The parts stripped down were kept in Ms R's car. There was no decision at that time over

whether the car was repairable or not, so there was no reason for any parts to go missing as that wouldn't be in LV's interests or indeed the garage's interests. Further I consider that as Ms R has received the market value of her car that includes the costs of these parts also. Therefore, I don't consider there is any merit in Ms R's contention that parts of her car were missing or indeed further damaged.

I don't consider much of the delay Ms R experienced was the fault of LV either. I do consider LV diligently tried to deal with all the issues Ms R raised as timely as it could. It also had to set time limits for Ms R to come to her decision over whether she wanted to retain her car as it couldn't have it in storage for too much longer.

Like the investigator however, I do consider there was a delay following the initial inspection of Ms R's car before it decided it was a total loss. And there was some delay in permitting Ms R to examine her car. LV decided to pay a total of £100 compensation for these delays. I think however given it was aware of Ms R's strength of feeling on the issue by this stage it caused her unnecessary further trouble and upset. Therefore, I consider payment of a further £100 compensation here is more reasonable making the total payment to Ms R to be £200 compensation. I'm pleased to note LV has already agreed to this, too, although my reasoning for awarding it differs slightly from that of the investigator.'

LV didn't respond but Ms R did. She forwarded the original Audatex report which LV sent her along with her independent engineer's report which she has sent us before.

Effectively, Ms R didn't agree with my provisional decision and repeated many of her points she made to the original view on the matter. In short, she maintained her view that LV didn't come to its total loss decision reasonably. She maintained her views on the percentage value of the repair costs which she deemed inflated as against the market value of her car. Likewise, she maintained her view that the salvage value retained by LV at its discounted rate for Ms R wasn't fair. She maintained her views that parts were missing and didn't agree they weren't already damaged. And finally, she didn't agree the compensation was sufficient to compensate her and wasn't in line with our approach.

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 again, I remain of the view that the further compensation I suggested in my provisional decision and the reasons for it is a fair and reasonable outcome for this complaint. I also consider it's fully in line with our approach on such matters as detailed more fully on our website.

The further documents Ms R sent in response to the provisional decision had been sent in before. These were fully considered and commented upon in my provisional decision. So, neither of the two attachments provide any further evidence for me to consider.

Further, the points Ms R made additionally, were points she had already made before which again were considered in my provisional decision.

On this basis given no new evidence or arguments were presented to me to consider, I see no reason to change the outcome and the reasoning for it, as I detailed in my provisional decision.

My final decision

So, for these reasons I'm upholding this complaint for further compensation only.

I now require Liverpool Victoria Insurance Company Limited trading as LV to pay Ms R a further £100 compensation making the total compensation paid to her to be £200.

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

Rona Doyle
Ombudsman