

## **The complaint**

Mr D complains about how Liverpool Victoria Insurance Company Limited ('LV') handled a claim on his motor insurance.

## **What happened**

Mr D had a motor insurance policy with LV. In December 2022, he was involved in a minor traffic accident. While there was only minor damage to the front of his car, he reported it and made a claim on his insurance.

In February 2023, the rear of his car was damaged in another accident. While this wasn't Mr D's fault either, he accepted liability for it. Mr D says he cancelled the first claim when he reported this second incident and proceeded only with the second claim. LV's approved repairer repaired both areas of damage in March 2023.

In December 2023, LV's solicitor contacted him about recovering its third party costs for the December 2022 accident. Mr D thought he'd cancelled this claim and called LV to correct this. LV realised its error and told him the December 2022 incident had been recorded as 'information only' and wouldn't affect his future premiums.

In May 2024, Mr D tried to renew his premium with another provider. He found that his premium had increased significantly, and that LV had recorded the December 2022 incident on his claim history. LV initially told him the December 2022 incident had been recorded as 'information only'. However, it later accepted there were two claims showing. It told him this was because he'd made two claims and repairs had been carried out on both areas of damage, so both claims were recorded correctly. Mr D didn't accept this and brought his complaint to this service.

Our investigator recommended that the complaint should be upheld only for LV's poor communication to Mr D. She found that:

- Mr D hadn't cancelled the December 2022 claim.
- LV's approved repairer had repaired both areas of damage.
- Both claims were recorded correctly on the Claims and Underwriting Exchange (CUE) database.
- The amount of the claim costs didn't impact his premiums.
- LV's misinformation caused Mr D inconvenience. She recommended it pay him £100 to reflect this.

Mr D didn't accept this, so the complaint was 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.

I appreciate this was a complicated situation and I don't think LV's understanding of what happened or its communication to Mr D helped matters. However, on balance, I think LV has acted fairly when it resolved and recorded both claims. I'll explain why.

There are three issues here:

- Mr D believed his first claim had been cancelled.
- LV's solicitors pursued the third party in the February 2023 accident rather than the December 2022 accident.
- LV told him the December 2022 incident would be recorded as "*information only*" in both December 2023 and May 2024.

Mr D reported the first accident in December 2022. He made four phone calls to LV about this:

- 8 December 2022. He reported the incident and explained there was "*very small damage*" to the front wing of his car. He discussed repairs with the claims handler, including whether he might repair the car himself if the repair costs were less than his policy excess.
- 3 January 2023. He asked for an update on the claim. The LV call handler explained that LV was waiting for the third party's insurer to reply. He also explained that LV would look to reclaim his excess from the third party.
- 25 January 2023. He called again for an update and confirmed that his car was booked in for repairs in March. The call handler told him LV still hadn't heard from the third party's insurer but reassured Mr D that LV would act in his best interest, including taking legal and debt recovery action to recover its costs.
- 27 January 2023. He asked LV to confirm the details of its approved repairer.

Mr D reported the damage from the second incident on 9 February 2023. He described the circumstances of the incident and the damage to the car's rear bumper, rear driver-side wing, and wheel arch. He also said he wanted to cancel the first claim because he didn't want to "*have two excesses running*". He asked LV's call handler for advice about this.

After discussing the status of his claim with a colleague, LV's call handler told Mr D:

- LV had reviewed the dashcam footage and witness statement for the December 2022 incident, confirmed it was a non-fault claim, and waived the excess for this claim.
- She said: "*So if you wanted to continue on with this claim you don't need to pay for your excess and [LV's claims handler] has already notified your garage as well.*"
- Mr D replied: "*OK, that's great then so we'll carry on with that as we were before if that's the case.*"
- She told Mr D she'd explain to the repairer that Mr D now had two claims, it would provide two repair estimates, and Mr D would pay the policy excess on the second claim only.
- She also explained that Mr D's NCD would drop from nine years to four years.

LV waived Mr D's excess for the first claim and it was recorded as a no-fault claim. He paid the excess for the second claim and it was recorded as a fault claim. I'm satisfied that Mr D agreed to this. I'm also satisfied that the reports (including photos) by LV's approved repairer show that it repaired the damage caused in both incidents in March 2023.

So I think Mr D has remembered that he was worried about having two claims in quick succession but hasn't correctly remembered how this was resolved. Having listened to the calls I can see how the misunderstanding arose, but I don't think this was LV's fault. I think the call handler clearly explained that the excess on the first claim would be waived but the damage from both claims would be repaired at the same time.

LV later explained that, while repairs were done at the same time, it couldn't combine the two separate incidents into a single claim. I think this was reasonable given only one of the claims was recorded as non-fault. I know Mr D believes the repair cost for the front wing damage is excessive, however I've reviewed the two estimates by LV's repairer and I'm satisfied that they're reasonable. Also, LV's underwriter confirmed that it didn't take the value of the claim into account in its premium rating. In other words, Mr D's concern about the amount LV put aside for the December 2022 claim isn't relevant for his premium calculation.

I find that the other two issues were errors by LV.

LV wrote to Mr D on 8 December 2023 – almost nine months after his car was repaired – to say it had asked *“the responsible party to pay the costs of the claim”* but had no response so had passed its file to its solicitor. LV's solicitor wrote to Mr D on 8 and 15 December 2023 enclosing documents about his accident on 7 December 2022. Mr D was understandably confused, for two reasons:

1. He'd asked LV not to pursue the third party for costs.
2. The legal action quoted costs for the February 2023 incident (the rear damage).

Mr D called LV three times that month to try to clarify this. On 19 December, LV's call handler realised the mistake and explained that LV was pursuing the February 2023 costs against the third party who hit Mr D's car in the December 2022 accident. LV hasn't explained how this happened, but it looks like an administrative error.

More importantly, LV twice told Mr D that the December 2022 incident had been recorded as 'information only':

- 19 December 2023. LV's call handler told Mr D: *“What we'll do is we'll cancel that [December 2022] claim then, and not pursue her any further... I'm just going to close off as information only, no impact on no claims, yeah you'll be fine.”*
- 14 May 2024. LV email to Mr D: *“I can confirm the claim on [7 December 2022] was closed as information only and no claim was made.”*

The CUE database shows both claims, so I find that LV gave Mr D incorrect information.

LV's underwriter confirmed to us that, while an 'incident-only' claim doesn't impact a premium calculation, the underwriter takes all other claims into account, whether fault or non-fault. In this case, Mr D's non-fault incident is likely to have affected his premium calculation. That means LV wrongly told Mr D that the December 2022 incident was recorded as 'information only' and that it wouldn't affect his premiums. I don't think this was fair.

In summary, I understand why Mr D thought he'd cancelled his first claim. However, I'm satisfied that:

- He agreed to continue with this claim when he spoke to LV in February 2023
- LV's approved repairer carried out repairs for both incidents in March 2023.
- Both incidents are recorded correctly on the CUE database.

- LV's communication errors caused Mr D distress and inconvenience, and I agree with our investigator that it should compensate him for this.

I've considered the level of award given by this service in similar circumstances. Having done so, I think our investigator's recommendation is too low. I think LV should pay Mr D £250 to reflect the distress and inconvenience it caused Mr D by its handling of his claim.

### **My final decision**

My final decision is that I uphold the complaint and order Liverpool Victoria Insurance Company Limited to pay Mr D £250 to reflect the distress and inconvenience its poor communication caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 February 2025.

Simon Begley  
**Ombudsman**