

The complaint

Miss A and Mr D complain about delays and other aspects of Liverpool Victoria Insurance Company Limited's ('LV') handling of a claim they made on their car insurance policy.

What happened

Both parties will be familiar with the background to this complaint, so I'll only briefly summarise what happened here.

In October 2023 Miss A and Mr D's car was stolen. It was recovered a few days later but required repairs, so they pursued a claim through LV.

The car was taken to one of LV's repairers in November 2023, but there was an issue with the keys, so, the car was sent to a different repairer. Repairs were then authorised in December 2023, and Miss A and Mr D were given a timescale that these would take between 30 to 90 days to complete due to parts shortages.

In February 2024 Miss A and Mr D contacted the repairer for an update and were told there was a part on backorder which wouldn't arrive for six months. In March 2024 they were told all parts except one had arrived.

In April 2024 Miss A and Mr D accepted the car back in a partially repaired condition – with an undertray not fitted.

Miss A and Mr D complained to LV about the following issues:

- Delays completing the repairs.
- Poor communication from LV, and those acting on its behalf.
- The police were unable to check the vehicle for fingerprints as LV collected it before this was done.
- A breach of their personal data by the repairer LV appointed.
- The courtesy car they were provided was unsuitable for their needs.
- The repairs to their car were incomplete.

LV provided two final responses to the complaint in April 2024. In summary, it said:

- There was a delay at the start of the claim moving the car to the repairer because a specialist piece of equipment was needed to do this. But it accepted Miss A and Mr D hadn't been informed about this delay and weren't given any confirmation of where the car was when they enquired.

- It didn't agree it was at fault the car hadn't been inspected for fingerprints as it would have been for the police to instruct their recovery agent not to release the car until they had completed their investigation.
- Miss A and Mr D weren't informed until 20 November 2023 that the car would need to be taken to a different repairer, even the original repairer knew this on 16 November 2023.
- The delay in repairing the car was outside its control because it was due to the availability of parts. But Miss A and Mr D hadn't been adequately updated on the repair timescales and status.
- It accepted there was a data breach from the repairer as a colleague of Mr D's had been told by an employee of the repairer that Mr D had made a complaint. But LV said it wasn't the data controller for the repairer and didn't have the contact details of Mr D's colleague. So, Mr D would need to take this up directly with the repairer.
- Under the policy terms, Miss A and Mr D were only entitled to a small hatchback replacement car. But it had still supplied a larger vehicle than this.
- It accepted there was a delay in arranging an MOT for the car, and the car had been driven at one point by an employee of the repairer whilst no MOT was in place.

For the aspects of the complaint which it upheld, LV agreed to compensate Miss A and Mr D £200 for the distress and inconvenience caused, in addition to paying £100 above their policy limit for a personal belongings claim, and covering the cost of a service and MOT.

Miss A and Mr D didn't think this was enough, so they brought their complaint to us. They say they want the repairs to their car to be complete, compensation which reflects financial losses they've incurred and the inconvenience of an unsuitable courtesy car, LV to strengthen its data protection measures, greater accountability from LV in the future, and for their £800 policy excess to be reimbursed.

Our investigator said he could only consider any events up to LV's final response of 26 April 2024. He didn't think LV had acted unfairly regarding the recovery of the vehicle before the police had checked it for fingerprints because it was the responsibility of the police to preserve any evidence, not LV's. He didn't think LV had unfairly delayed the claim but thought it hadn't reasonably kept Miss A and Mr D updated. He didn't think LV had acted unfairly by not providing a larger replacement vehicle, as the policy terms only entitled Miss A and Mr D to a small courtesy car.

Additionally, he thought that as the repairer was acting as an agent of LV's, we could consider the data breach and some additional compensation was warranted for the upset this caused. And further compensation was warranted for the distress caused by the MOT expiring and the car being driven by the repairer whilst it didn't have an MOT.

So, to put things right, the investigator said LV should increase the compensation offered to Miss A and Mr D from £200 to £400.

Because Miss A and Mr D didn't agree, the complaint was referred to me to decide.

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, I've decided to uphold this complaint in part. I'll explain why.

I should start by saying while I've read and considered everything Miss A and Mr D and LV have provided, I won't be commenting on every point made. I'll instead concentrate on what I consider are the key points I need to think about for me to reach a fair and reasonable decision. This isn't meant as a discourtesy to either party, but instead reflects the informal nature of this Service.

Miss A and Mr D complain there was a delay of a few days from their vehicle being recovered and being taken to the repairer. Given this delay was minimal and caused because specialist equipment was needed to move the car, I don't think this was unreasonable. But I think it was unreasonable Miss A and Mr D weren't updated what was happening during this time or told where their car was when they enquired. And I think that caused them some distress.

The bulk of the delays occurred once the car was taken to the second repairer in December 2023. Miss A and Mr D were given a timeframe of 30 to 90 days for the repairs to be completed due to parts shortages. But the repairs ended up exceeding this and the car was returned in an incomplete state missing an undertray in the middle of April 2024.

LV said the delay completing the repair was due to the availability of parts. I've seen nothing to contradict this, and LV's claim notes shows delays were noted due to parts availability. So, I think the delays were outside LV's control.

Miss A and Mr D were given a timescale of 30 to 90 days for the repairs. So, they were reasonably led to expect the repairs may take several months. But Miss A and Mr D should still have been kept reasonably updated on what was happening. I don't think they were, which I think has caused them some inconvenience by having to chase for updates.

Miss A and Mr D say they continued to pay monthly repayments for their car and had to pay road tax while the repairs were ongoing. But these are costs Miss A and Mr D would have had to pay anyway, and although I acknowledge they were without the use of the car, because I don't think LV unfairly delayed the repairs, I don't think it would be reasonable for LV to reimburse these costs to Miss A and Mr D.

I've looked at Miss A and Mr D's policy documents. Their schedule shows they had taken out guaranteed hire cover, and according to the policy terms they were entitled to use this as they were using one of LV's approved repairers. But the policy terms and IPID say the replacement car they'd be provided with would only be a small hatchback car. LV, however, went beyond this, as it provided a five door SUV.

I acknowledge the vehicle Miss A and Mr D were provided with wasn't an exact match for their own car. But their policy only entitled them to a small hatchback car, not a like for like hire vehicle. LV exceeded this by providing them with a five door SUV, which I think was a reasonable step to take given that the repairs were expected to, and ended up, taking several months to complete. And although the replacement car may not have been same size as Miss A and Mr D's own SUV, it was broadly the same type of vehicle, so I think it was a reasonable replacement.

Miss A and Mr D's repair ended up going beyond the 90 day estimate because a part was on backorder. Although I understand Miss A and Mr D initially declined to take the car back, I understand they agreed to do so in April 2024. Again, I think the delay here was outside LV's control because it related to the availability of a part.

I wouldn't have considered it reasonable for LV to have returned the car in an incomplete state of repairs if this had meant the car couldn't legally be driven. But I haven't seen evidence to show the missing undertray meant this was the case. I understand the MOT had expired on the car while the repairs were ongoing, which would have meant the car wasn't road legal. But LV agreed to cover the cost of the MOT prior to returning the car, which I think was reasonable and ought to have addressed the issue of the car not being legal to drive due to the MOT having expired.

Miss A and Mr D say the absence of the undertray has caused more damage to the car. But I think this is a new issue which has arisen after this complaint. So, I can't make a finding on that here. Miss A and Mr D would first need to complain directly to LV about the damage they report. Miss A and Mr D also say the lack of an undertray is still an outstanding repair and has caused the claim to remain open – causing an adverse effect to their premium with their new insurer.

LV has provided a copy of a letter dated 5 August 2024 requesting Miss A and Mr D contact the repairer to arrange completion of the repairs as the undertray had now been received. So, it's unclear to me why the repairs are still outstanding. However, I also think this is a new issue which arose after the original complaint and after LV provided its final responses. So, if Miss A and Mr D are unhappy that the repairs still haven't been completed, they'll also need to first complain directly to LV about this.

I've considered if it was unfair for LV to collect the car before the police could take fingerprints. I acknowledge the upset this caused Miss A and Mr D, since it's led them to think the prospects of the thief being identified have been compromised. Ultimately, though, I don't think LV acted unfairly here.

LV wasn't responsible for the police investigation. LV's responsibility was to deal with the claim Miss A and Mr D had made in line with their policy terms. And I think by collecting the car, LV were just carrying out that responsibility. I haven't seen anything to show LV were informed not to collect the car because of a police investigation, or that the car was denied from being released to LV, so I don't think LV likely could have reasonably acted differently to avoid this.

LV doesn't dispute there was a breach of Mr D's personal data to one of his colleagues, who was informed he'd complained. But LV said this originated from the repairer, who it wasn't the data controller for.

I should explain here we aren't a regulator. We don't have powers to fine or punish businesses when something has gone wrong, nor can I tell LV to change its internal processes. The relevant regulator for data protection is the Information Commissioner's Office (ICO).

However, I can award compensation for distress caused if a business has acted unfairly. I agree with the investigator that the repairer responsible for the data breach was acting as an agent for LV given that LV instructed this repairer. Since the relationship Miss A and Mr D had was with LV, and the repairer was working on LV's behalf, I think it's reasonable to consider this against LV. And since it would have caused Mr D some distress that this information was shared, I think some compensation is warranted.

I agree there were parts of this claim where LV didn't treat Miss A and Mr D fairly. These include the lack of updates provided, the data breach, the MOT expiring, and the car being driven while it was with the repairer without an MOT.

LV's response was to offer to pay a total of £200 compensation, in addition to covering the cost of an MOT and service, and paying an additional £100 above the £300 policy limit for personal belongings. Our investigator said LV should pay an additional £200 compensation, which LV agreed to. I've considered if this is fair and reasonable.

I acknowledge Miss A and Mr D think LV should waive their policy excess of £800, instead of making of the compensation payments. But it's a requirement of their policy terms that they pay this excess. And, having considered what LV has now agreed to pay, I think it's in line with our award levels and the amount is fair and reasonable for the impact caused by its handling of the claim. So, I won't be asking LV to pay more than what has already been agreed.

Putting things right

I require LV to do the following:

- If it has not already done so, cover the cost of an MOT and service.
- If it has not already done so, pay Miss A and Mr D a total of £400 for their personal belongings.
- If it has not already done so, pay Miss A and Mr D the £200 compensation it agreed to pay in its final responses.
- Pay Miss A and Mr D a further £200 compensation.

My final decision

My final decision is that I uphold this complaint in part, and I require Liverpool Victoria Insurance Company Limited to carry out the steps I've set out in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr D to accept or reject my decision before 17 April 2025.

Daniel Tinkler
Ombudsman