

The complaint

Ms R complains about Liverpool Victoria Insurance Company Limited (“LV”) and the service they provided after she made a claim on her motor insurance policy following a non-fault accident.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Ms R held a motor insurance policy, underwritten by LV, when her car was involved in a non-fault road traffic accident. So, she contacted LV to make a claim.

But Ms R was unhappy with the service she received during the claim process. So, she raised several complaints about this through the claim journey. Ms R’s complaints included, and are not limited to, her unhappiness with the length of time the claim had been ongoing without her car being repaired and the communication with her. Ms R also complained about the hire car she received, and the costs she incurred associated to this, as well as LV’s refusal to cover the cost of the replacement alternator.

LV responded to Ms R’s complaints over several final responses, upholding them in part. In summary, they accepted there were delays during the claim process that they were responsible for. And to recognise this, they paid a total of £750 compensation, made a contribution towards the hire costs Ms R had incurred and arranged for any additional hire to be billed directly to them. But they set out why they wouldn’t cover the hire upgrade costs Ms R paid, and why they would cover the costs of replacing the alternator, considering the diagnostic report undertaken by the car manufacturer. Ms R remained unhappy with these responses, so she referred her complaint to us.

Our investigator looked into the complaint and upheld it over two separate outcomes. Both parties have had sight of these and so, I won’t be recounting them in detail. But to summarise, our investigator explained they would only be considering the events that occurred after July 2023, considering the time between LV’s first complaint response and Ms R contacting our service a year later.

Having done so, they recommended LV pay Ms R an additional £200 compensation to recognise their service failures. But our investigator explained why they thought LV had acted fairly, and in line with the policy terms and conditions, when not agreeing to pay the hire upgrade costs and alternator replacement.

They also set out why they were satisfied LV had paid the appropriate cash in lieu (“CIL”) payment and why LV wouldn’t be directed to refund Ms R the insurance premiums/road tax she’d paid for the damaged car during the claim period.

LV accepted these recommendations. But Ms R didn’t, providing several comments setting out why. These included, and are not limited to, Ms R’s continued belief that the total

compensation amount within our investigator's recommendation failed to compensate her appropriately for the impact she had suffered. She set out why she felt the entire claim process should be considered, including the events before July 2023, and she maintained her hire upgrade costs and insurance/road tax should be refunded to her. As Ms R didn't agree, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome, in line with our service's informal approach.

Before I explain why I've reached my decision, I want to set out exactly what I've been able to consider, and how. I note Ms R wants the entire claim process, and the events that occurred, to be considered and she feels this supports her position on why a higher compensatory amount should be offered.

But I must make it clear that, in line with the approach already set out by our investigator, I will be only considering the events that occurred after LV's first complaint response, issued on 27 July 2023, up to the date of their more recent response in August 2024. Any events, or issues, that occurred before are unable to be considered, in line with the rules we work within, set by the industry regulator, about timescales in which a customer can bring their complaint to us.

I recognise Ms R disputes this, and I want to reassure her I've thought carefully about the representations she made. But I'm satisfied the complaint response, issued in February 2024, was a response to a new complaint rather than a continuation of the one LV addressed in July 2023. And because of this, I will also not be considering, or commenting on, the £400 compensatory offer LV made in July 2023.

So, I then turn to the complaints I have been able to consider. I note LV accepted in their complaint response in February 2024 that there had been evidence of poor claim handling since their first complaint response. And I note that LV accepted our investigators recommendation to increase this payment. So, I'm satisfied this aspect of Ms R's complaint is no longer in dispute and because of this, I won't be discussing the merits of the issue in any further detail. Instead, I will return to it when discussing what LV should do to reasonably put things right.

I've then separated the remaining aspects of Ms R's complaint into separate headings, for ease of reading. And again, I want to make it clear that while I have considered everything Ms R and LV have said, this decision will focus solely on the points I'm satisfied are pertinent to the decision I've reached, in line with our service's informal approach as an alternative to the courts.

Hire costs

Ms R has set out why she feels LV should cover the additional hire costs they have yet to refund, which relate to upgrade fees she paid to the rental company, who I'll refer to as "E", to receive a car of a more similar size and specification to the car damaged in the accident.

But for me to say LV should cover these costs, I'd need to be satisfied they have acted unfairly, and outside of the policy terms and conditions, when refusing to do so. And I'm not satisfied they have here.

First, I want to be clear that the hire car Ms R received was taken out through the "*basic hire car*" cover included within her own insurance policy. It wasn't taken out on a credit hire basis, as she felt it was, or should have been. While I recognise the accident was non-fault, this doesn't automatically mean a hire car will be provided on a credit hire basis. So, I can't say LV have acted unfairly when arranging the hire car as they did.

And within Ms R's policy documentation, it's made reasonably clear she held the "*basic hire car*" cover, rather than the "*enhanced hire car*" cover that was available. And within the conditions of the hire car cover she held, I'm satisfied it's made reasonably clear that under this cover, Ms R was entitled to a "*small 3 door hatchback*", rather than a like for like replacement.

While I recognise why Ms R would want, or maybe even expect, a like for like replacement hire car, I'm satisfied this wasn't something she was entitled to under her insurance policy. So, any additional payment Ms R paid to upgrade the hire car E provided from the one LV authorised would be a cost she was responsible for, rather than one I'd expect LV to cover. Because of this, I'm unable to say LV were unfair, or outside of their policy terms and conditions, when covering Ms R's hire costs less the upgrade fees and I won't be directing them to take any further action regarding this aspect of the complaint.

And I must also make clear that even if I was to say this wasn't the case, under a strict application of the policy terms and conditions, a hire car under this cover was only applicable where Ms R's car remained with LV's recommended repairer. I note Ms R chose to use her own repairer, due to her wish for the car to be repaired using second-hand parts due to the car age, and so I feel LV acted fairly, and in good faith, by ensuring they cover the basic hire cost when this wasn't something they were contractually obliged to do. I also want to be clear that any issues with the hire car itself would be the responsibility of E, who were responsible for supplying and maintaining the condition of the cars they provide.

Replacement alternator

I want to be clear that it's not my role, nor the role of our service, to re-underwrite a claim, as we don't have the expertise to do so. Instead, it's my role to consider the actions LV have taken, to decide whether they were fair and reasonable. When doing so, we consider the evidence available. And where expert testimony is provided, we usually find it fair for a business such as LV to rely on this, unless there is persuasive conflicting expert testimony to suggest otherwise.

In this situation, I've seen a diagnostics report from the car manufacturer, who state the alternator fault was most likely caused by the components used when the alternator was manufactured. So, I'm satisfied LV were fair when relying on this testimony and refusing to cover this cost, as there was no direct link to its fault and the accident that occurred, which was the insured event. So, I'm unable to say they acted unfairly or unreasonably when taking this decision and I won't be directing them to take any further action for this aspect of the complaint.

Other additional issues

Ms R has also raised concerns about the CIL payment she received, and LV's decision to instruct a solicitor to recoup the repair costs from the third party. In this case, the repair costs were the CIL payment made to Ms R.

I note Ms R has queried whether this payment included a provision for parts, and how it was to be paid to her, or her garage.

While it's clear there appears to be confusion around this, I'm satisfied from the evidence available to me that Ms R received the appropriate CIL payment from LV, that included a provision for the parts that needed to be replaced. The expectation is then for Ms R to use this payment to cover the costs of the repairs that were to be undertaken from her own garage. LV have also made it clear that they will cover the additional VAT Ms R has needed to pay, upon receipt of invoices from Ms R to show these repairs were carried out.

This falls in line with standard industry approach and I'm satisfied it's the action another insurer would have taken, in a similar situation. So, I'm unable to say LV have acted unfairly regarding this point.

And I would also expect LV to take the necessary action to claim the costs they incurred regarding the repairs from the third-party, as again this is standard industry approach when a non-fault claim has been made on their customers policy. And in line with the policy terms and conditions, LV are able to decide how to do this, without agreement or authorisation from Ms R. This can include appointing solicitors if required.

This ensures LV's costs are recouped, to ensure the claim is recorded as non-fault, to prevent any impact on their customers insurance record. To be clear, claims are only recorded "non-fault" where no costs have been paid by the insurer for the claim in question. So, I'm satisfied LV were acting in Ms R's interests by taking this action and so, acted both fairly and reasonably when doing so.

I've then turned to what I think LV should do to reasonably put things right.

Putting things right

When deciding what LV should do to put things right, any award or direction I make is intended to place Ms R back in the position she should have been in, had LV acted fairly in the first place.

In this situation, it's accepted by LV that they could've handled Ms R's claim better, and more proactively, in the time period I've been able to consider. And they paid Ms R £350 to recognise the impact this caused, which our investigator recommended be increased with a further £200 payment, taking this total to £550.

Having considered this recommendation, I'm satisfied it's a fair one that falls in line with our services approach and what I would've directed had it not already been put forward. And I'll explain why.

I'm satisfied this additional payment fairly reflects the clear distress and inconvenience this situation has had on Ms R. I don't doubt she's needed to engage with LV and the claim process at length, at a clear inconvenience to her, when better and more consistent messaging from LV would have helped prevent this and the time impact it had.

I'm satisfied it also reflects the length of time Ms R was without her car or the CIL payment to arrange repairs, as I'm satisfied this payment could have, and should have, been paid around two months earlier than it was.

But crucially, I'm satisfied this payment also fairly takes into consideration the actions LV

have already taken, and payments they have made, within their own complaint process. And, that some of the delays encountered within the claim process were down to the delay in obtaining parts, due to the cars age which wasn't something LV were able to control or affect.

I'm satisfied it also takes into account the fact that Ms R also had another car insured on the same policy, that from emails I've seen her confirm she was able to use, during this period and so, I'm satisfied this mitigates some of the impact she would have felt.

So, the additional payment of £200 is one I'm now directing LV to make.

I understand this isn't the outcome Ms R was hoping for. And I want to reassure her again I have considered all her representations, even if I haven't mentioned them specifically. I note Ms R reiterated why she wanted her insurance and road tax costs to be refunded to her, as she didn't have the benefit of the car she was paying for.

But this isn't something our service would direct LV to cover. This is because both Ms R's insurance and road tax were legal responsibilities to hold and pay for. And I'm satisfied she would always have needed to pay these amounts, regardless of the service LV provided. And further to this, I note Ms R was able to drive the hire car because she had paid for insurance policy with LV. So, she received a benefit for the policy she paid for, and so this hasn't impacted the decision I've reached.

My final decision

For the reasons outlined above, I uphold Ms R's complaint about Liverpool Victoria Insurance Company Limited and I direct them to take the following action:

- Pay Ms R an additional £200 compensation, to recognise the impact she's been caused by LV's claim handling that hasn't already been appropriately compensated for.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 5 August 2025.

Josh Haskey
Ombudsman