

The complaint

Mr M complains Liverpool Victoria Insurance Company Limited (“LV”) has handled his claim on his motor insurance policy unfairly. He says it should pay for the repairs to his car and pursue the third-party insurer for the costs without him needing to pay the excess first. He says by not doing so, it has unreasonably delayed his claim on his policy.

All references to LV include its agents.

What happened

Mr M took out a motor insurance policy with LV in July 2024. Around August 2024, Mr M was involved in an accident with a third-party so he made a claim on his policy. LV has given us its internal notes, including records of contact with Mr M and the third-party insurer.

LV’s notes say it informed Mr M during a phone call that if he paid the excess, it would refund the amount paid depending on who was found to be at fault – him or the third party. It said at worst, it would keep 50% of the excess if it found both parties to be at fault. But either way, it let Mr M know he needed to pay the excess before it could cover the cost of the repairs.

LV’s notes say it sent the third-party insurers evidence of the accident together with a notice that it considered the third-party was at fault. And the following month, it provided more evidence after the third-party disputed liability. The notes show LV subsequently chased the third-party insurers in October 2024, November 2024 and January 2025. And in the meantime, LV authorised repairs to Mr M’s car in December 2025 and advised him to pay the excess so it could move forward with the repairs and pursue the third-party for its outlay. It highlighted the excess was payable by Mr M under the policy terms.

Mr M was unhappy he was expected to pay the excess before the claim would be moved forward. So he raised a complaint. He said he expected LV to cover the cost of the repairs and pursue the third-party insurer legally and he shouldn’t have to cover the cost of the excess first. LV didn’t agree with Mr M. It said it was only able to chase the third party for a response on liability and until the repairs were completed, it couldn’t take further action against them – including taking them to court – as it hadn’t yet incurred any losses. As the complaint wasn’t resolved at that stage, Mr M asked our service to look into things.

Our Investigator didn’t uphold Mr M’s complaint as she didn’t think LV had acted unfairly or unreasonably. Mr M didn’t accept our Investigator’s opinion so the complaint’s been passed 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.

I've thought carefully about everything I've been given by both Mr M and LV in this case and based on what I've seen, I don't uphold Mr M's complaint for broadly the same reasons as our Investigator. I know that will be disappointing to Mr M but I don't think LV has done anything wrong here. I'll explain why.

I've looked at the terms and conditions of the policy Mr M took out. They say in summary that the excess is the first amount of any claim which the policyholder must pay and it's not an insured loss. That means it's not a loss that's covered by Mr M's policy and that's not unusual in insurance policies.

I appreciate Mr M doesn't think he should have to pay the excess in this claim as he wasn't at fault for the accident. But excess isn't usually linked to who was at fault for the incident as it's payable either way. So I'm not persuaded by Mr M's view that he shouldn't have to cover the excess to make a claim on his policy or that LV should cover it.

I can see LV has said to Mr M if it's decided the third party was liable for the accident, it would reimburse him the excess he's paid – and I presume that's because it will ask the third-party insurer for the excess to be reimbursed. So I think it's already done enough in this case as I haven't seen anything to suggest it's obliged to do this.

Mr M complains his claim has been delayed by LV as the repairs haven't been carried out and it hasn't moved forward with its claim against the third-party, for example, it hasn't issued court proceedings. But until the excess is paid, I wouldn't expect LV to cover the cost of repairs in this case. And it's said it can't pursue the third-party insurer to reimburse its costs if it hasn't had any yet. And I think that's reasonable.

Looking at the actions LV has taken, I'm satisfied it's done what I would expect it to do in this case by regularly and proactively pursuing the third-party insurer about liability. So I'm not persuaded the delay to Mr M's claim has been caused by LV. And overall in this case, I don't think it has treated Mr M unfairly or unreasonably.

My final decision

It is my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 July 2025.

Nadya Neve
Ombudsman