

The complaint

Mr P has complained that First Central Underwriting Limited won't pay him its total loss value of his car following an accident under his motor policy.

What happened

Mr P's car was damaged whilst parked by a hit and run driver on 7 September 2024 and he reported this to First Central on 4 October 2024, having reported it to the police on 12 September 2024.

On that initial call, given the description of the damage to the car from Mr P, First Central said it was likely his car would be a total loss and said the total loss value would be £2,937.

Mr P didn't agree with this total loss value and said his car would be worth at least £5,000 to £7,000. First Central then explained to Mr P that since he disputed this total loss value, engineers would be instructed to assess the value of his car. In the meantime, First Central made an interim offer of £2,937 which Mr P refused. He also disagreed that his car should be deemed a total loss.

First Central also told Mr P that as he disputed the fact his car would be a total loss and also the total loss value, he would need to then send in photos of the damage to his car so the engineers could assess both issues for him. Mr P questioned whether First Central would repair his car, but it said it needed photos of the damage before any final decision would be made. First Central also explained that as the other driver was insured, since Mr P obtained his registration plate, it would also make enquiries as to liability.

First Central said Mr P never sent in any photos of the damage to his car. So, it chased him on 11 October as it couldn't progress with his claim or his dispute that his car might be a total loss and its total loss value.

Mr P then had a What's App conversation with First Central on 25 October 2024 where he asked it if his car could still be his even if it was deemed a write off. He was told yes. Mr P was then of the view he could repair his car and have First Central pay him what it initially considered to be the total loss value. So, Mr P had his car repaired by his own repairers on 14 November 2024 and asked First Central to pay him its original total loss value.

At this stage, Mr P then sent First Central some photos of his car. However, as he had repaired his car, First Central said it also needed to see the repair invoice for the repair of his car to see what repairs had been done to the car, before it could assess his claim.

Mr P then complained as he wanted First Central to pay him the initial total loss value instead. First Central didn't uphold Mr P's complaint as it still needed the repair invoice to assess what repairs were done to Mr P's car to complete its consideration of his claim to include any photos Mr P's repairers took of the damage too.

So, Mr P brought his complaint to us. The investigator didn't think First Central had done

anything wrong, in first wanting photos of the damage to his car and then requiring the repair invoice for the repairs Mr P had done to his car. Consequently, he didn't think Mr P's complaint should be upheld.

Mr P disagreed so his complaint has 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.

Having done so, I'm not upholding this complaint. I understand Mr P will be disappointed, so I'll now explain why.

Policy terms

In order to be permitted to drive a car on the public road the law requires us to have a motor policy. Motor insurers to include First Central must adhere to the regulations set by the Financial Conduct Authority so therefore how all motor insurers deal with claims and liability arising out of an incident like Mr P suffered, is generally the same for every motor insurer. When we take out a motor policy, we are then deemed to have agreed to its terms too. Therefore, the policyholder has a duty to read all the policy documents and ensure all the facts stated are correct.

My role is to assess whether First Central did anything wrong in how it was proposing to deal with Mr P's claim given the terms and conditions of the policy. For ease of reference, I shall lay out all the relevant policy terms in Mr P's complaint, as it was evident on the call recording when he first told First Central about this incident, that he wasn't clear of the meaning of many of the terms.

In Mr P's policy, the market value of his car as insured by First Central is as follows:

'The cost of replacing your car with one of a similar make, model, age, mileage and condition based on market prices at the time of the accident or loss. This may not be the same price you originally paid for your car or the value you declared on the Statement of Fact.'

In the policy, 'total loss' is defined as:

'When the insurer considers the car to be beyond economic repair.'

In the Statement of Fact, the value of Mr P's car is stated to be £4,240 with the car first purchased on 1 January 2015 and it was listed as an imported vehicle. The excess was also listed at £250.

The excess is defined in the policy as:

'The amount of any claim you will have to pay if your car is lost, stolen or damaged. When you set up your policy you may also choose to add a voluntary excess, and this amount is set by you. All excesses that apply are shown on your Schedule. If you need to make a claim, you are responsible for paying all excesses applying to the policy, even if the incident is not your fault.'

Insurers are required to give every policyholder what is called the Insurance Product Information Document (IPID) which is a summary of the significant terms of the policy. In Mr P's IPID under 'are there any restrictions on cover' it says the following:

'Repairs by a non-approved repairer will have an additional excess of £250.'

In Mr P's Schedule of Insurance, it further details this payment of a further £250 excess as follows:

'1.2.6: An additional excess of £250 applies in addition to any excess shown if you choose not to use the insurers approved repairer.'

Under 'conditions relating to your insurance' in the policy document it says the following:

'If you fail to keep to any conditions, the insurers may reject your claim.'

In the policy document under 'what to do if you have an accident' it says the following:

'If you, or your car, are involved in any type of accident or loss, you or the other named driver (as shown on the Certificate of Motor Insurance) must tell the insurer within 48 hours of the incident by phoning the number above. You must do this whether or not you are at fault and even if you do not plan to claim. The insurers team will help you to arrange fast and efficient repairs (if your cover is appropriate) through the insurers extensive approved repairer network.

...

If you choose not to use the insurers approved repairer network this may lead to delays in arranging repairs to your car. You will also have to pay an extra excess as well as any other excesses under this policy. The insurer will not guarantee the repairs and will not provide a courtesy car.

...

Strict timescales have been set for dealing with claims, in particular those involving bodily injury. A delay may affect your insurers' ability to provide the best defence on your behalf. This kind of delay can result in high costs for your insurer which may go against your driving record or, in extreme cases, may result in your cover being refused.'

In the policy document under 'Section 1 – Accidental Damage' it says:

'If shown on your Schedule, the insurer will cover you under this section for accidental damage or malicious damage to your car, its accessories and spare parts while in or on your car.'

In the policy document under 'Settling your claim – sections 1 and 2' it says:

'The insurer will do one of the following:

- *If your car is damaged, the insurer will repair the damage.*
- *Replace your car if it is a total loss or stolen.*
- *Settle your claim by paying you money if your car is a total loss or stolen.*

The insurer will not pay more than the market value of your car at the time of the loss or damage, less the total excesses and any unpaid premium.'

In the policy document under 'what is not covered under Sections 1 and 2' it says:

- *'The excesses shown on the Schedule for each section. All excesses (including voluntary excesses) are cumulative.*
- *The extra excess shown on your Schedule for claims if you do not use the insurers approved repairer. All excesses are added together.*
- ...
- *Any reduction in value following repairs.'*

In the policy document under Section 11 – General conditions it says:

'11.1 Your duty

The insurer will only provide you with the cover set out in this policy if:

- *you and anyone else claiming cover under this policy has kept to all the terms and conditions of the policy.*

...
You must co-operate with your insurer, respond to reasonable requests for information or documents, and where necessary be available to speak to your insurer or anyone acting on behalf of the insurer. This includes if you are using someone else to represent your interests, whether or not a claim has been made on the policy. If you do not comply with those requirements, the insurer may cancel your policy, and your claim may not be paid.

... 11.3 Reporting loss or damage

If you or your car is involved in any type of accident or loss, you must tell the insurer within 48 hours of discovering the loss by reporting your claim online in Your Account or phoning the 24-hour helpline ... You must do this whether or not you are at fault and even if you do not plan to claim...

You must:

- *provide all the information about the accident, loss or claim that the insurer needs; ...*

If you fail to report any accident or loss within 48 hours of discovering it, whether you were at fault and whether or not you plan to claim, the insurer may refuse to provide cover.

...
Your insurer is entitled to:

- *defend or settle any claim on your behalf.*
- *take legal action over any claim in your name or the name of any person insured on the policy for their own benefit.*
- *admit negligence for any accident or claim on your behalf.*
- *share information with others involved with the accident or claim; and*
- *take from the claim settlement amount any amount you owe under the related credit agreement (if this applies).*

... 11.8 Total loss

If your car is considered a total loss, it will become the insurer's property. Any unpaid premium owed may be taken from the settlement amount paid to you.

The insurer may give you the option to insure another vehicle under your existing policy. Any change to your policy is subject to the insurer's agreement and may not be acceptable. There may be an extra premium to pay. If the insurer cannot agree with you terms for another vehicle, or you do not want to insure another vehicle, all cover under the policy will end as soon as the car is declared a total loss. Any unpaid premium owed may be taken from the settlement amount paid to you.'

Mr P's claim

First Central hasn't made any point about the fact Mr P didn't report this incident to it within 48 hours. The incident happened on 7 September 2024, and Mr P didn't tell First Central about it until 4 October 2024.

In the initial call recording where Mr P explained what happened, it is fairly standard across most motor insurers that they might make a decision at that time to indicate whether it's likely the policyholder's car will be seen as repairable or a total loss, just like First Central did here with Mr P's car. So, I don't find this approach unusual or significant.

As the call recording also showed, it's also perfectly reasonable for a policyholder to disagree their car is a total loss and indeed disagree with the initial total loss amount, both of which Mr P did. And First Central accepted Mr P's disagreement too as it told him that if he sent in pictures showing damage to his car, the engineers would review it.

However, Mr P didn't do this at that time. Therefore, I don't consider First Central did anything wrong at this stage in progressing with Mr P's claim. This is because it simply couldn't review either whether Mr P's car was economic to repair or indeed to re-assess its total loss value without this further information. The policy requires Mr P to cooperate in providing the information which First Central said it required to assess his claim.

I also consider it was reasonable for First Central to offer its then present total loss valuation by way of an interim payment. And that this was for Mr P's benefit as it wasn't an offer made in full and final settlement at all.

Who makes the decision on whether a car damaged in an accident is economic to repair or whether it's a total loss.

As Mr P wanted to ask his insurers to pay for the damage for his car, the decision on whether it's economic to repair or is a total loss is down to First Central and not Mr P. This is because the policy terms state that it's the insurer who has the right to 'settle any claim' on Mr P's behalf. Again, this is standard in all motor insurance policies, so I don't find it unusual or significant.

As Mr P's car was hit whilst parked, it's highly unlikely to be Mr P's fault that the damage to his car occurred, and he would likely have no liability to any damage on the other party's car which would make matters simpler in a way, as First Central then wouldn't have to defend any claim from the other driver on Mr P's policy.

Obviously, if Mr P doesn't agree with First Central's decision, he's under no obligation to continue with his claim, although the incident will be noted on his insurance record as First Central is under a legal duty to record this. However, that means First Central is under no liability to pay him anything. If Mr P continues with his claim, then First Central would seek to recover its outlay to Mr P from the insurers of the other driver. If that occurred then the

incident would be marked as non-fault, but if for whatever reason, First Central couldn't recoup its outlay paid to Mr P, then the incident gets marked as technically a fault claim on Mr P's insurance record, which solely means First Central were unable to recoup its outlay rather than Mr P being at fault for anything.

The fact the accident occurred and whether First Central was able to recoup its losses affects Mr P's risk profile which might also increase his premium at renewal or with another provider.

Further, the policy states quite clearly if the car is deemed a total loss and more importantly Mr P accepts the final total loss offer from First Central, then the car becomes the property of First Central. Again, this is not unusual or significant as it's standard across all motor policies.

First Central's total loss offer

Mr P is of the view that this was an unconditional offer for him to accept plus keep his car. He decided this on the basis of the contents of the What's App chat Mr P had with First Central on 25 October 2024.

However First Central made this offer as a total loss offer, so it wasn't a cash offer in lieu of repairs, which would be one way Mr P would have been entitled to possibly keep his car and get it repaired. This is because at the stage First Central made this offer it was doing so solely on the basis the car was likely to be written off, given its age and mileage. Mr P still hasn't permitted First Central to see the damage to the car from the incident or the full repair invoice of the repairs which Mr P has now done to his car. So First Central still can't re-assess if the car was economical to repair or not, given he didn't accept what was offered in the initial call notifying First Central of this incident.

The What's App conversation, given the full transcript, concerns the situation about a policyholder keeping a car that was written off for the purposes of subsequently renewing the policy. This would be dependant, on the type of total loss marker put on the car.

In the full transcript of the What's App chat, when it becomes apparent that Mr P is asking about the total loss payment and not his renewal, the agent correctly said his query needed to be directed to the claims department. So, I don't consider this What's App chat confirmed without question that First Central would allow Mr P to also retain his car as Mr P believes leaving Mr P free to accept the initial total loss value too. I find that a What's App chat of this nature would never override the policy terms in law, as Mr P contends.

I also don't consider the email Mr P received from First Central on 13 November 2024 saying:

'If you take the money and repair your vehicle, then this will have an impact on your premiums when you renew, as you will be insuring a written off vehicle'

means First Central would still pay the total loss value which Mr P had already refused. This is because Mr P didn't agree with the amount and more importantly the fact his car was summarily deemed a total loss at that stage. So, Mr P's disagreement on both of these counts then suspends the confirmation of the total loss value and indeed the confirmation that his car was a total loss, until First Central could assess the damage to Mr P's car, which is why First Central asked Mr P to send in the photos of the damage.

Just to clarify, given Mr P's remarks that he didn't agree his car was a category A total loss, there are several categories of a total loss of a vehicle. Category A is irreparable with severe

structural damage, and the entire vehicle must be scrapped. Category B is significant structural damage, where the body shell must be scrapped but other parts can be used in other vehicles. Category S is where there is repairable structural damage, but it must be re-registered with the DVLA before it can be legally driven again. Category N is repairable non-structural damage which can be repaired by a professional to a roadworthy standard. Category S replaced the traditional category C in 2017.

Obviously until First Central are afforded the opportunity to see what the incident damage was, and the repairs now done to Mr P's car, it can't determine what total loss category would attach to the car.

Also, as First Central is aware, this service considers the market value, and the total loss value of vehicles should be evaluated having regard to all the trade valuation guides plus any relevant adverts showing vehicles of the same specification, condition, age, and mileage as that of their insured's vehicle.

Generally, in situations where it's clear the policyholder wants to keep a car which is category N (or even S at times) that the insurer deems is uneconomical to repair, insurers will allow the policyholder to buy back the salvage value. So, then the salvage value is deducted from the total loss value, plus the excess and any premium instalments owing. The policyholder receives the balance plus the car, and they can repair it themselves without the insurer paying anything further. In that situation also, the policyholder can renew his policy or find another provider to insure it. So, it was this kind of scenario that was being discussed in the What's App chat as regards insuring cars which had been deemed a total loss, as Mr P's initial query concerned his policy renewal.

The initial total loss offer made by First Central to Mr P didn't have any details of what the salvage value of Mr P's car might be. As then, in accordance with the policy conditions, First Central's offer was made to Mr P, on the basis that the car would become First Central's property. Given Mr P disagreed with both the fact it was going to be a total loss and the total loss amount, then in effect the matter was open for further discussion once First Central's engineers could see evidence of the incident damage, which was why it asked Mr P to send in the photos of the damage to his car. And now, as Mr P went ahead and got his car repaired at his own cost and didn't tell First Central he was doing this, (as there is no evidence he told it), it remains that First Central needs to see exactly what repairs were done in addition, before it can continue with its consideration of his claim.

Therefore, I consider there is no duty under the policy terms, for First Central to pay Mr P the total loss settlement first offered without being permitted to ascertain the damage to his car, ensuring the car is categorised correctly as to the total loss and to then ascertain the salvage value.

Conclusion

I consider First Central's stance throughout has been reasonable here in trying to accommodate Mr P.

It didn't take issue with the late notification of the incident, which it could have done, as clearly Mr P didn't report the incident within 48 hours as the policy terms say Mr P needed to do.

Once First Central noted Mr P's disagreement on the fact his car would be a total loss and that he felt the total loss amount offered was also too low, it offered him this as an interim payment. And told him it would reconsider the level of damage to the car, if Mr P sent in the photos of the damage to his car.

Once it realised Mr P had gone ahead and had his car repaired himself, it remained willing to continue to entertain his claim, provided it could assess the repair invoice, which is why it asked Mr P to send that in too. I don't consider this to be harassment as Mr P has indicated. So, I consider that it remains for Mr P to provide First Central with all of the information it requires, as that is his duty under the policy, if he remains wanting to make this claim to First Central under his policy. Otherwise, there is no duty on First Central to pay Mr P anything as he hasn't sufficiently proved his claim, namely the extent of the damage to his car by this hit and run driver.

Since Mr P used his own repairer, he should note that First Central is entitled to reduce any claim payment, not just by the salvage value and the excess payment of £250 but also the additional excess payment for £250 considering Mr P used his own repairers. Excesses are classed as an uninsured loss. However, if the hit and run driver's insurers admit liability for the damage to Mr P's car, then these excesses would be refunded by the hit and run driver's insurers. Otherwise, if Mr P makes a claim, First Central are entitled to deduct both excesses from Mr P's claim amount.

My final decision

So, for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 October 2025.

Rona Doyle
Ombudsman