

The complaint

Mrs K complains Liverpool Victoria Insurance Company Limited handled a motor insurance claim poorly.

What happened

In January 2025 Mrs K's car was damaged, whilst being driven by her daughter, in a collision with a third-party. Mrs K claimed for the loss against her LV motor insurance policy. LV considered her car to be a total loss, offering a cash settlement. After some back and forth LV's settled the claim based on a valuation, of Mrs K's car, of £2,800.

Mrs K wasn't happy with how LV handled the claim. She complained about its valuation of the car and it being incorrectly sent to an auctioneer, LV failing to take reasonable steps to obtain CCTV evidence of the collision and poor communication.

In March 2025 LV issued a complaint response. It was satisfied its valuation was fair, so didn't increase its settlement offer. It apologised for the car being sent to the auctioneer, noting it had since? been returned to Mrs K. LV accepted a mistake had been made in one phone call, but was satisfied its communication had been reasonable otherwise. It offered £150 compensation to make up for any poor service. It later, in response to Mrs K's concern at the condition of the car on return from the auctioneer, increased this to £200.

Unsatisfied with LV's response Mrs K referred her complaint to the Financial Ombudsman Service. She raised the following complaint points. LV's settlement offer is too low, feeling it to be based on trade value rather than market value. LV had unfairly accused her of being liable for the collision without having obtained relevant evidence, including CCTV footage. LV had mistakenly sent her car to auction and hadn't made a reasonable effort to return it. To resolve her complaint, she would like the claim settlement and compensation award to be increased.

Our Investigator was of the opinion LV had settled the claim fairly and in line with the terms of the policy. She felt it had already done enough to make up for some poor communication and Mrs K's vehicle being incorrectly listed for auction. So the Investigator didn't recommend LV do anything differently. As Mrs K didn't accept that outcome the complaint was referred to me. She doesn't accept the compensation offered or LV's valuation of the car to be adequate.

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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mrs K and LV have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Mrs K's policy provides a definition of 'market value'. It is the cost of replacing her car with the same make, model and specification with age and mileage taken into account.

So I've considered if LV's offer to settle Mrs K's claim, based on a market value of £2,880, is fair and in line with these terms. When looking into these types of complaints we check trade guides, adverts and other relevant evidence. We generally find the guides most persuasive as they're based on nationwide research of likely selling prices. So they're more reliable than individual adverts. But as I've said we do consider other evidence.

To minimise the risk of detriment to the policyholder this service considers insurers should settle based on a value close to the highest trade guide - unless there's persuasive evidence, for example adverts or independent reports, that a lower or higher value is fair and reasonable.

I've considered valuations from four different guides. These were produced using the relevant date of loss, age, make, model, specification and mileage. The highest result was £2,775. Mrs K feels these were trade values, rather than market values. However, I'm satisfied the figures used have been retail valuations, not trade valuations. So I'm satisfied LV's 'market value', of £2,880, exceeds the highest of the guide valuations.

Mrs K and LV have provided adverts to support their positions. I've considered if these support a higher value than £2,880. Within the adverts are a couple with asking prices above £3,450. However, there are also other suitable examples advertised at close to, or below, £2,880. These persuade me LV's market value was sufficient to allow replacement of the car, as set out by the policy terms. So I'm not going to require LV to increase its settlement.

Neither am I going to require LV to increase the compensation award. I've taken into account Mrs K's comments on the inconvenience resulting from the car's salvage being incorrectly sent to auction. However, as it was only with the auction house for a few days before being returned any resulting distress or inconvenience will have been limited. And whilst LV didn't request CCTV footage at the outset of the claim, it did repeatedly chase the provider for it. So I can't fairly find it fully responsible for the delay in its provision.

I accept LV did cause some unnecessary distress and inconvenience. However, having considered everything I've been provided with, I'm satisfied it's already paid fair compensation to make up for the impact of its poor claim handling.

My final decision

For the reasons given above, I don't uphold Mrs K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 25 September 2025.

Daniel Martin
Ombudsman