DRN-5797480

The complaint

Mr F is unhappy with the way Liverpool Victoria Insurance Company Limited handled a motor insurance claim.

What happened

Mr F was unfortunately involved in a car accident on 12 September 2023 which resulted in his car being written off. When reporting the incident, Mr F explained he was driving behind a slow-moving lorry and decided to overtake it. He checked his path was clear and signalled right before pulling out. However, a few seconds later, a car hit the side of his vehicle and ultimately forced him off the road. He also explained the third party was to blame for the incident due to their dangerous driving and said there was an independent witness that would support his position.

The third-party driver didn't agree with Mr F's version of events or accept liability. They said the incident occurred as they were travelling in the right-hand lane, when Mr F suddenly pulled out from the left-hand lane causing the collision. So, they asked LV to accept liability for the incident and settle their claim costs.

After they received a statement from the independent witness, LV asked a solicitor to provide a legal opinion. The solicitor then concluded the claim had no reasonable prospects of success. They reached this conclusion as they said the independent witness had supported the third party's version of events. Specifically, he said the third party was already overtaking the line of traffic when Mr F pulled out from his lane. So, the third party should have been visible to Mr F, and if the claim proceeded to court, he would be held responsible for not ensuring his path was clear and checking his mirrors/blind spot, before starting his manoeuvre.

Based on this legal advice, LV accepted liability for the incident on a without prejudice basis and settled the third party's costs. Mr F didn't accept the liability outcome. He said the incident couldn't have been his fault and the independent witness agreed with him. He also said the solicitor's conclusion must have been based on incorrect information, so the decision needed to be changed. After hearing LV's decision, the independent witness also said they disagreed with the outcome, and repeated the fact they didn't think the incident was Mr F's fault.

LV's position remained the same. They acknowledged the fact the witness didn't think the incident was Mr F's fault but said they couldn't disregard his description of what happened or the legal advice they had received. So, while they acknowledged Mr F's strength of feeling, there was nothing more they could do, and it wasn't productive to continue discussing the matter.

Mr F also contested the settlement LV offered him for his car. In the first instance, they said its pre-incident market value was £10,000, this amount was later increased to £14,125, then £15,000, and finally £15,400 which Mr F accepted. LV also paid Mr F £350 compensation to acknowledge the fact they should have been able to offer him a fair settlement in the first instance. Mr F didn't think this redress went far enough to put things right. He said he should be refunded his taxi and public transport costs and receive over £1,000 compensation.

In addition to the above issues, Mr F also complained about the settlement of his missing personal items, the reimbursement of costs following the incident, and the fact he didn't receive a refund of the premium after cancelling the policy.

I previously issued a jurisdiction decision in this case which set out the complaint points I could consider, and a provisional merits decision.

My provisional merits decision said as follows:

I'm aware that I've only summarised this complaint briefly, using my own words and in less detail than the parties. The rules that govern our service allow me to do this and no discourtesy is intended. Instead of detailing everything that happened, I've focused on what I believe to be the heart of each complaint point that falls within our jurisdiction.

Liability decision

It isn't my place to decide who is actually liable for the accident at the heart of this complaint, that would be a matter for a court of law. What I'm deciding is whether LV have applied the terms and conditions of the policy reasonably and whether they have dealt with the claim fairly.

The starting point is the agreement between LV and Mr F - the policy terms and conditions. Under the terms of the policy, LV can independently decide whether to defend a claim or settle it. This might mean LV makes a decision that Mr F disagrees with, as has happened here. I don't find this unusual or surprising as most motor insurance policies allow insurers to consider claims in this way. That said, we expect an insurer to reasonably investigate a claim and consider the available evidence before making their decision on liability.

As mentioned above, before reaching their final liability decision, LV asked Mr F, and the independent witness for their version of events to help them understand what happened. They also considered the third party's allegations and asked a solicitor to provide an expert legal opinion. So, under the circumstances, I'm satisfied they did everything I would reasonably expect to fairly investigate the claim.

I'm aware Mr F strongly disagrees with the solicitor's conclusion and LV's decision. But I wouldn't reasonably expect LV to go against legal advice and continue to defend a claim, they have been advised has no reasonable prospects of success. I also see no grounds for concluding, LV made any errors when making the legal referral. So, while I appreciate Mr F will strongly disagree with me, and this conclusion will come as a significant disappointment, I don't think LV did anything wrong by accepting liability for the claim on a without prejudice basis.

Mr F feels LV haven't adequately answered all of his questions about how the incident may have happened, and why they won't change their liability decision. However, as they have clearly set out their rationale and the findings of the solicitor, I wouldn't reasonably expect them to say anything more.

Market value

Under the policy terms, LV were required to settle Mr F's claim by offering him the market value of his car, immediately before the incident, minus the policy excess. Assessing the value of a used vehicle isn't an exact science. However, like most insurers our service often finds the motor trade guides persuasive. This is because their valuations are based on *nationwide research, and they show likely selling prices at the month of loss. The guides also allow for the specifications of most vehicles to be taken into consideration including any extras. This is particularly helpful, as factors such as the age and mileage of a car can have a big impact on its value.*

Our approach to motor valuations has changed over time. However, currently, If the motor trade guides suggested values are wide ranging, to ensure no customer detriment, we'd usually expect insurers to offer their customers the highest value suggested by the guides. This is unless, they provide evidence which shows a customer could reasonably purchase a replacement car for a lesser amount. If a customer claims that it's not possible to replace their car for the highest value suggested by the guides, we'd also expect an insurer to consider that possibility if there is supporting evidence.

LV ultimately settled Mr F's claim by valuing his car at £15,400. I'm satisfied this amount is fair, and I see no grounds for directing LV to increase it. I note the offer of £15,400 sits significantly above the highest value suggested by the motor trade guides which are £6,675, £9,220 and £13,451. I've also seen three comparative adverts for similar cars priced at £13,995, £14,990 and £15,000. I'm aware LV, and our investigator, referred to two further adverts but they both have significantly different mileage to Mr F's car, so I have discounted them. In any event, I'm satisfied the settlement is supported by the highest motor trade guide value and the above adverts. I also note that LV's two earlier offers, (£14,125 and £15,000) also meet this criteria.

LV recognised the fact they initially let Mr F down in relation to this issue, as they apologised for only offering him £10,000 in the first instance, and said they should have done more to pro-actively review the additional evidence he provided. LV also paid Mr F £350 compensation to reflect the distress and inconvenience this issue caused him. Mr F has said a fair offer should have been given to him straight away. However, as mentioned above, LV have already accepted this failing and paid him compensation to try and put this right. So, I'm satisfied the only remaining consideration is whether they should reasonably do anything more to try and rectify it.

Mr F has suggested that if he doesn't receive an increased compensation award, it could encourage LV to treat other customers in a similar way. Mr F's concern for other customers is both understandable and admirable, but it isn't my role to punish or fine LV. Instead, I'm required to consider the individual merits of each complaint, and if something has gone wrong, as is the case here, I consider if an insurer has done enough to try and put things right based on the overall impact. If Mr F has concerns about how the insurance industry operates as a whole, I agree with our investigator, that those concerns would be better directed to the Financial Conduct Authority (FCA).

I can see that while LV negotiated with Mr F, they sent him interim payments to try and minimise the impact of the dispute. Their £350 compensation payment was also intended to reflect the time, effort and upset this matter caused him. I'm aware Mr F feels this amount is derisory. I also know he spent considerable time corresponding with LV about this issue, and he experienced a lot of frustration, confusion and upset. He's also asked how our service can make fair compensation awards, if we don't apply a daily rate. I can confirm we don't follow that approach, instead we consider all the circumstances and focus on the overall impact. Having done so here, I'm satisfied £350 compensation is a fair amount, so I won't be asking LV to increase it.

Mr F has said he didn't purchase a replacement car and relied on taxis/public transport until he received the final settlement. However, I would reasonably have expected him to have mitigated his position, by using the first interim payment he received in November 2023. In which case, he would still have been able to dispute the market value settlement and *request further payment. That said, from reviewing the file, I can't see that LV offered to pay Mr F an interim payment following their initial offer of £10,000 in September 2023. So, if Mr F can show he incurred increased travel costs between September and November in the form of receipts, I'll consider this point again.*

Settlement for missing personal items

Based on everything I've seen, I'm satisfied LV paid Mr F a fair amount to settle this matter. Despite the storage company's insistence that no items were found in the car. They accepted Mr F's full list of missing items and asked him to calculate their value based on the number of years he owned them. They also rounded the settlement figure up from £238 to £250, and informed Mr F, that he didn't need to pay any of this money back, once some of his items were subsequently returned.

I appreciate Mr F has said he wouldn't have needed to replace some of the items for many years, had they not gone missing. It's also understandable that he would have preferred to have received his items back instead of a cash settlement. However, LV did attempt to locate his items, and I don't think it was unfair for them to take the age of his belongings into consideration when calculating their value. In any event, Mr F has recently informed our service, that he didn't keep receipts for the items he's since replaced, and he's currently decided against replacing the rest. So, while I appreciate the upset this matter caused him, I see no grounds for concluding LV should reasonably do anything more to try and resolve it.

Policy premium and post-incident travel costs

I'm satisfied LV didn't do anything wrong by declining to provide Mr F with a refund of the premium as he cancelled the policy following the claim, and the following policy term allows for this.

> *You can cancel your insurance cover at any time. We'll refund any money you've paid minus a charge for the time you've been on cover and a cancellation fee if it's after the first 14 days. If you've made a claim then no refund will be paid. If you pay monthly, you must still pay us the full balance of your annual premium.*

It's also my understanding that since raising his complaint, LV have refunded Mr F the taxi cost he incurred for returning home following the incident. So, I see no reason to comment on this issue any further.

Responses to my provisional decision

LV accepted my provisional decision.

Mr F strongly disagreed with my findings and provided detailed comments for my consideration. He also asked for a copy of one of the motor trade guide valuations and requested clarification about the way our service liaises with the FCA.

I'm pleased to see, a copy of the trade guide has since been provided to Mr F, and a link to the relevant part of our website which explains how our service works with other organisations including the FCA.

Turning to his comments, in brief summary Mr F said:

- He wasn't at fault for the incident. The third party put his life at risk and should have been prosecuted for his dangerous driving. He also repeated his version of events and said why he thought the third party may have acted the way he did.

- He's convinced the solicitor wasn't fully briefed. In particular, he suspects they weren't provided with photographs of the damage sustained to both cars, and he thinks this would have made a significant difference. He would also like an explanation as to why I haven't commented on these photographs.

- The independent witness supported his position, so it's an error to say he didn't. LV should be criticised for not speaking to the witness directly, and he doesn't understand why I haven't attempted to do so either.

- He's recently contacted the witness himself, and received additional comments from him, which he specified. He believes these comments strongly support his position and show the third party was driving dangerously.

- My findings in relation to his car's valuation are unreasonable and appear to endorse LV's approach of not providing a fair offer in the first instance. LV's hollow apology and low compensation payment do not reflect the significant impact of this issue.

- He requires clarification as to how he could have mitigated his position by using the first interim payment. If I meant he should have purchased a car, that isn't fair, as he was trying to gain a reasonable settlement and he didn't know how long the delay would last.

- He was given false information about his missing personal items as he was initially told there was nothing found in his car and this was later shown to be untrue.

- The overall handling of the claim was poor and he should be fairly compensated for everything that happened. He also referred to some complaint points that fall outside of our jurisdiction and questioned the general value and remit of our service.

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 mean Mr F no discourtesy by only addressing his comments which directly impact the merits of this specific complaint. I'm unable to consider any complaint points that fall outside of our jurisdiction, and it isn't appropriate for me to address any of his general concerns about the role of our service.

I'm sorry to disappoint Mr F, but my decision remains the same for the following reasons:

- It's never been my intention to minimise the severity of the incident, or the significant distress it caused. I'm very sorry Mr F was involved in it and he feels his life was put at risk. I also appreciate his strength of feeling about how the incident happened, and the amount of time he's invested in this complaint. However, none of these comments change my findings about the way LV reached their liability decision.

- I continue to disagree LV made an error when they briefed the solicitor. LV's referral email states that they provided copies of all the evidence held on file, so I've no reason to conclude the photographs were excluded. In any event, the solicitor would have been able to ask LV questions, and request further information, if they didn't think they had everything they needed.

- I don't think LV let Mr F down by not speaking to the witness directly. I can see they did initially attempt to speak to him, but once they received his written statement, they no longer felt this was necessary. I'm satisfied this approach was reasonable as the purpose of the call would have been to obtain his version of events, and his written statement contained this information.

- It isn't my place to determine who is liable for the incident at the heart of this complaint. So, while I can confirm that I've reviewed all the information on file, including the witness statements and photographs, it wouldn't be appropriate for me to speak to the witness directly. I also see little benefit in providing my own analysis of the damage shown in the photographs as that wouldn't change the outcome of this complaint.

- I'm aware Mr F has recently contacted the witness and he's shared further comments with him about how he recalls the incident taking place. I know Mr F feels this information is crucial, but I don't think it was unreasonable for LV to have reached their liability decision based on the witness statement that was provided at the time.

- My findings in relation to the valuation dispute remain the same. However, I can confirm, I would reasonably have expected Mr F to have purchased a car with the first interim payment, if the dispute was stopping him from being able to travel or causing him to incur extra costs. I also note that he hasn't provided any receipts to show he incurred a financial loss. So, I see no grounds for directing LV to do anything more in relation to this issue.

- I note Mr F's comments about his missing personal items, but I remain satisfied that LV have already fairly settled this concern.

My final decision

For the reasons I've explained both here and in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 6 October 2025.

Claire Greene
Ombudsman