

The complaint

Mrs B complains about the way Highway Insurance Company Limited (“Highway”) dealt with a theft claim she made under her motor insurance policy.

What happened

Mrs B held a motor insurance policy with Highway. She reported a claim to them in September 2023 when her vehicle was stolen. Highway accepted the claim and began their investigations. It was noted Mrs B’s occupation was different to the occupation shown on her policy documents; so, this was referred to the underwriting department to update the policy. Mrs B was also provided with a replacement hire vehicle.

There was a delay in Mrs B providing the vehicle’s keys for Highway to carry out an inspection, but this was ultimately completed in early November 2023. And it was also around this time that Mrs B’s change of occupation was confirmed as acceptable by the underwriting team. Highway then made a total loss settlement of around £16,000. Mrs B felt that a fairer value would be £30,000 but wasn’t able to provide any supporting evidence of this value, and the total loss settlement was paid to Mrs B in January 2024.

The vehicle was then later recovered in July 2024 by the police. Highway said they were unable to make contact with Mrs B to discuss this but in September 2024, Mrs B got in touch to say she had collected the vehicle, and it was now in her possession. Highway informed Mrs B they would be sending their recovery agent to collect the vehicle, which Mrs B didn’t agree with as she didn’t agree Highway was the owner of the vehicle.

Highway explained to Mrs B that she could retain the vehicle if she repaid the salvage value of £7,433.47 from the total loss settlement that she’d been paid, but Mrs B said she was unhappy with the total loss value as well as the salvage value. Mrs B then said she wanted the vehicle to be repaired, but when the vehicle was taken to the garage around six weeks later, it was noted that the vehicle identification number had been removed, which meant an MOT couldn’t be carried out. Highway said their recovery agent advised the best course of action would be to declare the vehicle a total loss on that basis. The vehicle was then moved to Highway’s nominated storage yard.

Mrs B was unhappy with how Highway had dealt with the claim, so she raised a complaint. She said she disputed the total loss valuation and was unhappy that Highway were claiming to be the legal owners of the vehicle. She was also unhappy that she’d only been provided with a replacement vehicle for 14 days and said there was a lack of support during the claim, as well as delays in resolving everything.

Highway issued a final response to Mrs B’s complaint in November 2024 but didn’t think they’d acted unfairly. They said they’d paid a total loss valuation of £16,320, which represented the highest guide price of the valuation guides they’d considered. And they said once this had been paid to Mrs B, the vehicle became their property, so they couldn’t allow her to retain the vehicle without either repaying the total loss settlement or paying the salvage value of £7,433.47. They also felt they’d dealt with the claim fairly and promptly

overall and highlighted numerous periods in which they felt Mrs B had caused delays in progressing the claim.

Mrs B remained unhappy with Highway's response to her complaint – so, she brought it to the Ombudsman Service. An Investigator looked at what had happened but didn't recommend that the complaint should be upheld. She thought the total loss settlement was a fair reflection of the vehicle's value and that the vehicle had fairly become Highway's property once this sum had been paid. And she was also satisfied Highway had provided a replacement vehicle in line with the policy's terms. Finally, the Investigator said she thought Highway had progressed the claim fairly and had followed correct procedures.

Mrs B didn't agree with the Investigator's conclusions. She provided a detailed reply via her representative, the main points of which were:

- She had purchased the vehicle from BMW for £21,000 and was told that she could come back within two years and give the vehicle back for the same price.
- She'd been told that if there were any issues with the vehicle in any circumstances, she would be given a like-for-like courtesy replacement for an unlimited time.
- She'd had an accident before and was provided with a replacement vehicle for a longer period.
- She didn't think her occupation was relevant as the policy wasn't for business use.
- She felt Highway's approach when dealing with the claim was adversarial as though they were searching for a reason to deny or reduce the claim.
- The total loss valuation hadn't accounted for the condition of the vehicle pre-theft.
- She'd told Highway she wanted to retain the vehicle and repair it. She felt Highway had acted unfairly by taking back possession of the vehicle from the dealership.
- Highway had made a false representation by saying they were the owner of the vehicle as Mrs B said they'd verbally agreed to repair the vehicle.
- The salvage value was too high, and her own quotes showed a much lower figure, and the salvage value was made without physically inspecting the vehicle.

As the complaint has yet to be resolved, it'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.

Having done so, I've reached the same overall conclusions as the Investigator, and I don't uphold this complaint.

I've intentionally summarised Mrs B's complaint in a lot less detail than she's presented it. Instead, I've focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion. This reflects the informal nature of this Service and our key function; to resolve disputes quickly, and with minimum formality. However, I want to assure both parties I've read and considered everything provided.

I also need to explain what I will be considering as part of my decision. I appreciate Mrs B has raised a number of concerns over the actions of the dealership who sold her the vehicle, as well as outlining information she says she was given that relied on. However, this complaint is solely about the actions of Highway, so I won't be able to consider the actions of other parties, only Highway. That means my decision will be focusing on how Highway handled the claim, the settlement they paid, as well as the provision of a replacement hire

vehicle and the later developments when the vehicle was recovered, including the salvage value. I've addressed each of these points below in turn, for ease of reference.

Total loss settlement

I should make it clear from the outset that it isn't the role of the Ombudsman Service to come to an exact valuation of a consumer's vehicle. What we do is look to see if an insurer has acted reasonably in looking to pay a fair value of the vehicle in line with the policy's terms and conditions. In the event of Mrs B's vehicle being declared a total loss (here, because it was stolen), the policy requires Highway to:

It's standard practice for a motor insurer to use valuation guides to work out the estimated value of a car, and it's not unreasonable that they do so. The valuation the guides give are based on the advertised prices of similar cars with a similar age and mileage for sale at the time of loss. Highway assessed the value of Mrs B's car by using a range of valuation guides and they put forward a valuation of £16,320; which they said sat at the top of the valuation range they considered. They also said they would be able to increase this further to £16,787 and can pay the difference to Mrs B, and if she chooses not to retain the salvage, they can reduce the salvage sum owed to them by the difference.

I can also see the Investigator considered the range of industry guides and concluded that the values they returned were less than the total amount Highway put forward. I've also considered these guides and I've reached the same conclusion. And while I appreciate Mrs B has said she feels the vehicle should be worth around £30,000; I've not been provided any persuasive evidence to support this. So, it follows that I don't find that Highway's total loss settlement was in any way unfair.

At this stage, Mrs B will need to decide whether she wishes to accept the total loss settlement provided by Highway or retain the salvage of the vehicle and pay Highway the salvage sum they are entitled to if she wishes to keep the vehicle.

Replacement hire vehicle

Mrs B was provided a replacement hire vehicle for a period of 14 days. She says she should have been provided a vehicle for a longer period of time. In order to decide whether Highway acted fairly here, I've considered the policy terms, which say:

"If your car has been stolen and not recovered or is assessed as being beyond economical repair (total loss), you will be provided with a class A vehicle offered by the (manufacturer) network...You may keep any courtesy car provided under this section for a period of up to 14 days or until your car is returned to you (whichever is less)"

As Highway provided a replacement vehicle for 14-days in line with the policy terms, I don't find that they acted unfairly here. And while Mrs B says she has previously made a claim and was provided a replacement vehicle for a longer period, I don't think this demonstrates Highway acted unfairly during this specific claim. Looking at Mrs B's claim history in her policy documents, I can see her previous listed claims are for accidents and not thefts or total losses. It's not unusual for a replacement vehicle to be provided for the duration of the repair period, which could be more than 14 days.

Finally, I can see Mrs B has said she was told by the main dealer when she purchased her vehicle that if there were any issues in any circumstances, she would be given a like for like courtesy replacement for an unlimited time. As I explained earlier, I'm not able to make any findings about a company that isn't party to this complaint. So I can't comment on anything

she may have been told by the main dealer when she purchased her vehicle. All I can do is comment on what Highway did under the policy of insurance. And from looking at what happened, I find that Highway acted fairly and in line with the policy terms.

Salvage value

Salvage deductions form part of an overall total loss settlement and Highway has sent us their salvage rates information, which shows how they calculated Mrs B's salvage total. I'm satisfied this is consistent with how the wider insurance market operates, so I don't find that Highway's actions are generally unfair here – provided they applied the deduction fairly.

This information is commercially sensitive, which means I can't share it with Mrs B directly. I understand she may feel this is unfair, but I should explain that we can only get this type of business sensitive information by assuring insurers that we won't share it. And our rules – specifically DISP 3.5.2(2), allows me to receive evidence in confidence when deciding a complaint.

I've checked the salvage information carefully, and having done so, I'm satisfied that it shows an established process when calculating Mrs B's salvage value against the total loss settlement. And I'm satisfied Highway applied this approach in a fair manner. I also appreciate that Mrs B has said she received quotes from private mechanics and online searches that produced lower salvage figures of around £2,500. But I don't find this in itself to be determinative of the complaint as a whole. It's usual for insurers to have commercial arrangements with salvage partners, which may be higher than what a private individual could achieve.

It follows that I'm satisfied the salvage figure Highway put forward to Mrs B was fair in the circumstances, and their offer for her to pay this in return for retaining the salvage of the vehicle was reasonable and proportionate in the circumstances.

General claim handling

This section of Mrs B's complaint is made up of three main issues. How Highway handled the claim, and she says they caused delays, how the main dealer dealt with booking the vehicle in for an MOT and repairs, and whether Highway were correct in stating they were the wonder of the vehicle.

In relation to how other companies dealt with aspects of this claim, as before, I also don't find that Highway would be responsible for how any other third-party corresponded with Mrs B, given they are separate companies; so I make no finding here.

In respect of how Highway handled the claim, I've considered the claim history and I can see the initial delays were largely due to the change in occupation Highway needed to clarify with the underwriting department. I appreciate Mrs B feels this isn't relevant to the insurance policy, because she used the vehicle for social and domestic purposes and not for business use. But I find that Highway acted fairly here and that they were entitled to establish whether the policy would still provide cover given Mrs B's change in circumstances. And from looking at the timelines provided by both parties; I can see there were delays in Mrs B providing information and sending in the vehicle's keys so Highway could validate the claim.

Once that had been done by mid-November 2023, Highway went on to make a total loss settlement proposal by 1 December 2023, which I find to be a reasonable period of time. Mrs B then went on to dispute the total loss valuation, and an increased valuation was provided at that time. And while Mrs B felt the total loss settlement should have been higher still, she didn't provide any substantive evidence that would allow Highway to increase the total loss

settlement amount. Ultimately, Highway raised the uplifted total loss payment in early January 2024 following a request from Mrs B. So, having considered the timeline, I'm not persuaded it can be evidenced the claim period was an unreasonable amount of time, or that Highway caused avoidable delays in settling the claim.

Finally, I've considered Mrs B's concerns that Highway asserted that they became the owner of the vehicle upon payment of the total loss. Within Mrs B's policy document, it says

"If we settle your claim by replacing your car or paying you, or where relevant the owner under your lease hire or hire purchase agreement, your car will become our property."

As such, I'm satisfied that Highway did become the vehicle's owner upon payment of the total loss payment that was agreed and raised in January 2024. It follows that I do not uphold this aspect of the complaint.

Conclusion

I recognise that this isn't the outcome Mrs B was hoping for, and I don't underestimate that this was a long and difficult experience for her in dealing with the initial theft, as well as the recovery of the vehicle and the uncertainty about the claim. I've carefully considered all the points Mrs B has submitted, but having done so, I'm satisfied that Highway acted fairly and in line with the policy terms when settling the claim as a total loss, providing a replacement vehicle, and calculating the salvage value.

This means I do not uphold this complaint, and it is now for Mrs B to decide whether she wishes to accept the uplifted total loss settlement that Highway has put forward, or to retain the vehicle by paying Highway the salvage value, in order to conclude the claim.

My final decision

For the reasons I've set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 4 November 2025.

Stephen Howard
Ombudsman