DRN-5830684

The complaint

Mr K complains that Liverpool Victoria Insurance Company Limited trading as LV, has treated him unfairly when providing his insurance over a number of years.

Mr K feels LV has accepted premiums for his insurance in the knowledge that his vehicles value was lower than the policy excess. This means if a claim was made, he wouldn't have received anything for the car and he has in effect, only had third party insurance in place. This is despite the cover provided being either, Third Party, Fire and Theft (TPFT) or for one year between 2022 and 2023, fully comprehensive cover.

Mr K feels more information should have been provided about the limitations of the policy and LV has acted unfairly when charging the premium it has, as it should have been aware of the value of his car and likely benefit of the policy.

What happened

Mr K contacted LV to get a quote for his insurance in 2022, explaining he'd been with LV previously but hadn't insured with it the year before because its price was too expensive.

The agent ran through the details needed to produce a quote. As part of the information shared, they explained the maximum and minimum excess which could be applied. They said the maximum excess that could be applied to the policy was £650. This was based on the compulsory excess of £100 and a voluntary excess of £500.

Mr K said it depends how much his car is worth. To him he'd say the car is worth around £3000 but the market value would potentially be around £650. So, the excess could be a sticking point. But he said it will all depend on the final quote and that was the main thing. A quote was offered for fully comprehensive cover at £1062.17 with an excess of £650. If the excess was dropped to £150, the price increased to £1348.79. Mr K said he would need to call around and see if he can get a better price.

The agent explained they could change the cover from fully comprehensive to TPFT but the price would only decrease by a small amount to £1044.61 with the maximum excess of £650. Mr K asked if any more could be taken off the price as he really didn't do many miles a year and the minimum LV could apply to the policy of 1000 was well in excess of what he would do. The agent explained there was no movement on the price as it was the best they could do.

Mr K took the policy out the following day after calling LV back, opting for the fully comprehensive policy with the maximum excess of £650.

Mr K called to discuss his renewal in 2023 after receiving his renewal quote. This showed the price had increased by more than 40% and Mr K wanted to know if this could be reduced. Again, Mr K spoke about the fact he did less miles than the minimum LV could record and that he didn't think it was fair this was taken as his risk when the reality was, he did less. The agent explained it was the lowest LV could record and it was its best price.

Due to the increase in the cost of the policy in 2023, Mr K opted to move from fully comprehensive to TPFT.

Mr K called to discuss his renewal in 2024 and had a similar conversation about the price and cover available. He explained that he didn't think the value of his car was greater than the policy excess and he asked if the Fire and Theft cover could be removed to improve the premium. LV said it only provided TPFT and couldn't take this cover out. It explained if there was a claim for these two perils, it could be LV doesn't pay Mr K anything for his car. But if a claim was made by a third party, Mr K would need to pay the £650. Mr K proceeded to renew the policy for TPFT.

Mr K complained in 2024 to LV about the insurance and that the excess set with the maximum voluntary excess, meant this was greater than the value of his car. He also said the mileage should be able to be reduced to reflect the miles he was driving.

LV said excess can be changed to help with the overall cost of the policy. Some customers choose to have an excess greater than the value of their car as they do not intend to claim for their vehicle and this is a choice taken to reduce the overall cost of the insurance. It couldn't reduce the mileage below 1000 and this was the way its system worked. It said the cost of motor insurance in the UK has increased considerably in recent years and the price increases are affecting everyone. But it provided the best price it could and provided Mr K with the information they felt he needed to make an informed choice.

Our investigator looked at this complaint and didn't think LV needed to do anything else. They felt Mr K was provided with information about the cover which was explained clearly and he made a decision, based on the information provided, to purchase the policy.

Mr K disagreed with the investigators assessment. They didn't think they had considered the main complaint point, that LV had unfairly charged a premium for something it would never pay out on, due to the policy excess.

The investigator said their opinion remained. They thought car valuations could fluctuate and there was no evidence that the market value was less than the excess. The call recordings demonstrated Mr K agreed to the policies and the excess was made clear with Mr K himself highlighting whether this would result in any real benefit. Despite this, he accepted the quotes and renewal invites and the investigator didn't think it had done anything wrong.

Mr K disagreed and as a result, the complaint has been referred for decision.

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 decided not to uphold Mr K's complaint. I appreciate he will be disappointed by this, but I'll explain why I don't think LV has treated him unfairly.

Mr K feels that LV has charged him for a policy with an excess, that ultimately removes the risk from LV for part of the cover provided. He feels with the value of his car being less than the policy excess, he in effect has no cover in place for his vehicle and the only peril LV is covering is third party.

I understand the concerns Mr K has raised and the frustration he has shown about both this point, and the limitations on LV and its system in being able to accurately reflect the mileage he covers. This again means Mr K understandably questions whether LV is charging him more than the actual risk he feels he presents.

What I have considered is whether LV provided Mr K with sufficient information to allow him to make an informed choice about the policy he was taking and benefits of this. So much like our investigator, I've looked at the sales documents and listened to the calls provided between Mr K and LV.

I don't intend to set these out in verbatim detail as both our investigator and LV have provided a good level of detail on what was said during these calls. I have also set some of this out in the background above and will focus on my findings having listened to these.

The price of the policy was a clear driving factor for Mr K and the choice he was making on the cover. During the first call, he explained that he felt his car was worth around £3000 but the market value was likely no more than £650. Discussions took place about the excess and increasing the voluntary excess to the maximum of £500 with the compulsory excess of £150 – bringing a total excess of £650 payable for any claim made. This was all with a view to reduce the overall premium due.

I think LV provided Mr K with information about the excess which was clear and not misleading. Mr K demonstrated an awareness of the excess meaning there could be a limited benefit to the policy. But he was also clear on the fact that he wanted to get the premium reduced to the lowest possible price and he made an informed choice based on this.

With the cost of insurance having increased quite significantly in recent years, it is not uncommon for customers to look at increasing their excess to reduce the overall cost of the policy. This in turn has an impact on the benefit the policy will provide as a larger excess means the policy holder will need to pay more for a successful claim or receive less. And customers can decide whether they want to effectively offset some benefits of the policy.

Mr K has explained that he has effectively done this with his policy. The market value of his car, if less than £650, would mean there would be no benefit in making a claim for damage to or the loss of his car. But I think LV provided Mr K with sufficient information for him to make an informed choice on this.

It was clear that the overall price of the policy was Mr K's main concern and he was exploring options on each call to see whether this could be reduced. The advisers provided information about what it was LV could do to reduce the price with the movement of the excess and changes in the level of cover. It also made it clear that it could not change the mileage of the policy to less than 1000, even if Mr K was doing less than this each year. It also explained that even if Mr K didn't think there was a benefit with fire and theft being on the policy, that it couldn't provide third party only cover.

Overall, I've not seen anything to demonstrate that LV failed to provide Mr K with the information it should have to allow him to make an informed choice. Mr K explained why he didn't think he had time to shop around and get other quotes and took the policy out, based on this and the information provided. And while I note the concerns about the benefit of the policy being limited by the excess applied and the market value of the car, this is something Mr K demonstrated an understanding of and he chose to take the policy as offered by LV.

My final decision

For the reasons I've explained above, I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 October 2025.

Thomas Brissenden
Ombudsman