

The complaint

Mr C complains about how Covea Insurance plc handled a claim on his motor insurance following an accident.

Mr C's policy was sold and is administered by a third-party intermediary on Covea's behalf. However, Covea is the policy underwriter so his complaint is against Covea rather than the intermediary.

What happened

Mr C had motor insurance with Covea. In December 2023 his car skidded off the road and into a ditch. He reported this to Covea and asked it to recover his car. Covea instructed its recovery agent to do this.

Covea's engineer assessed the recovery agent's photos of the car. Having done so, he recommended that the car should be declared a Category X total loss. Covea told Mr C it would pay his car finance provider the car's market value. It initially offered £9,603, less the £700 policy excess. Following Mr C's complaint, it increased this to £11,047, less the excess.

But Mr C said his main complaint was about the original decision to declare the car a total loss. He said he'd only wanted the car recovered and wasn't expecting it to be written off. He said that if he'd known this, he'd have repaired it himself. He was also unhappy that some personal items – some money and the car's dashcam – hadn't been returned to him.

Covea didn't agree. While its complaint manager conceded that on first review he was "surprised" that the car was classed a total loss, he said the engineer's comments plus the images of the car showed this was the correct decision. He apologised for delays settling the claim and offered Mr C £100 for this. Mr C remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. He thought Covea's decision to declare the car a total loss and settle the claim was reasonable. He was satisfied that it had explained this clearly to Mr C. He thought its £100 offer to apologise for the delay settling the claim was fair.

Mr C didn't agree, so the complaint was passed to me.

My provisional decision

I issued a provisional decision on this complaint on 11 November 2025. I said:

"First, ombudsmen decisions are published so are written in a way that prevents the customer from being identified. Mr C has shared information about his health and background that is known to both parties and I'm not going to set this out here. If I'm vague about this it's to keep Mr C from being identified, not because I've ignored it or think it irrelevant."

Covea told us: "The vehicle was written off because it had gone off road into a ditch which

experience tells us causes significant under carriage damage that is expensive and difficult to repair. Photos confirmed damage underneath the vehicle."

It also explained the Category X classification: "Category X is a designation we give to vehicles where the condition of the vehicle is unknown. We use this designation when there is a chance of additional damage either because the vehicle has gone off road and there is likely significant underside damage... that we feel may put customer [sic] at risk or may cause escalating costs." [my emphasis]

I know Mr C accepted Covea's settlement offer in December 2023. However, I don't think Mr C had all the relevant information when he made that decision. And it's clear that, on reflection, he has concerns about how Covea handled the claim. He said, in summary:

- He only wanted Covea to recover the car.
- Covea changed its reason for declaring it a total loss. It initially told him this was because of damage to the front of the car. It later said there was extensive damage to the underside.
- Covea declared the car a total loss on 7 December 2023. But the photos in the engineer's report are dated 15 December 2023, and the photo of the car's underside is dated 31 January 2024. So Covea declared the car a total loss before its engineer reviewed the photos.
- The photo provided by Covea doesn't show damage to the underside of the car.
- The car is now back on the road, so was obviously repairable.

I agree with much of this. I'll explain why.

I've listened to the first notice of loss call on 4 December 2023. Mr C explained that his car had gone into a ditch and described the damage he could see (for example, a buckled bumper). He told Covea's agent: "I can't see what underneath damage... if there is any damage underneath". He said his recovery company had told him the car needed to be lifted out to avoid causing any more damage to the underside during the recovery process. I agree with him that the focus of the call was to arrange for the car's recovery.

I accept Covea's statement that Mr C said "Yes" when its agent asked if he was "needing to make a claim for the vehicle damages". However, the agent had told Mr C he needed to make a claim to recover the car. (Covea's instruction to its recovery agent said: "Please note that this is an instruction to collect only.") The agent also told Mr C: "I did run that vehicle damage through the online damage calculator and it does look like the vehicle is repairable as a result of what you have described to me." He said Covea would discuss settlement options with him if the car wasn't repairable.

I understand Mr C's concerns about the timeline. Covea's internal notes show its engineer declared the car "BER" (beyond economic repair) on 7 December, the same date it instructed its recovery agent to pick up the car. The engineer's report is dated 15 December. While I think the photo of the car's underside was likely taken before 31 January, I find it surprising that the engineer declared the car a total loss before he'd written his report.

But I'm more interested in the report itself. Covea's instruction to its recovery agent described the damage severity as "minor". The engineer's report described "light damage to the front." But he concluded: "Whilst the vehicle is technically repairable our recommendation is not to undertake repairs." I don't see any explanation or justification for this recommendation. The report doesn't include any photos of the underside of the car or any description of damage to it.

I can't see any obvious damage to the car's underside in the photo taken by the recovery agent and Covea hasn't highlighted what the damage is. Mr C told us of his professional qualifications and experience repairing motor vehicles, so I think his opinion is valid. He couldn't see any damage.

Overall, I don't think Covea's decision to declare the car a total loss was fair. I find no evidence that its engineer ever inspected the underside of the car or estimated the cost of repairs before he declared the car a total loss. It follows that there was no assessment of repair costs against the car's market value, so I don't see how Covea concluded that repairs would be uneconomical.

For the avoidance of doubt, I accept that it's possible the car was beyond economic repair. However, I don't see how Covea could have concluded this or found that the initial desktop assessment was wrong. It appears to have relied on Mr C's description of the accident, the "chance of additional damage", its experience in this type of claim, and a single photo to declare the car a total loss. I don't think that's reasonable.

The salvage agent sold the car. Records show it passed its MOT in September 2024 when there were approximately 800 more miles on the clock than at Mr C's accident. It was most recently taxed in March 2025. So I'm satisfied that the car has been repaired and is back on the road.

It appears that Covea eventually offered Mr C a fair market value for his car, based on the valuation guides. But it's clear from reviewing its records, correspondence between the parties, and Mr C's evidence to us that the loss of his car caused him considerable distress. While I can't order Covea to get the car back, I think it should compensate him for this. I've considered the level of award given by this service in similar circumstances. Having done so, I think Covea should pay Mr C £500.

Finally, Mr C says some money and the dashcam left in the car weren't returned to him. Covea said nothing was left in the car, but it would review this if Mr C wanted to claim for these items. I think this is fair."

Responses to my provisional decision

Covea said it was happy to accept my provisional decision.

Mr C accepted my provisional decision. He also asked me to consider "*the financial expenses that I have incurred due to the car being... written off unnecessarily*". In summary, these are:

- £555.98 for a hire car in December 2023.
- £4,795.77, representing the shortfall between Covea's original settlement and the outstanding finance on his car.
- £2,200 for a second-hand vehicle in December 2023.
- £619.58 for replacement parts for the above vehicle.
- £618 for a hire car in June 2024.
- £20,796 for a new second-hand vehicle, bought in June or July 2024.

He acknowledged that Covea might have incurred costs fixing his old car before selling it, and he proposed offsetting these costs against the costs above.

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 can't see that Mr C has previously claimed these costs from Covea and this is the first time he's raised them with us. As such, I can't consider them before Covea has had a chance to assess them, and he should claim these costs from Covea in the first instance. If he's unhappy with its response he can bring a complaint to this service.

Having said that, I'm conscious of Mr C's personal circumstances and the time since the accident. I don't want him to make a claim or complaint that has no chance of success. So I'll offer my thoughts.

I think only two of these costs might reasonably be linked to his original claim: the December hire car costs, and the car's outstanding finance (linked to Covea's valuation of the car).

The policy entitled Mr C to a courtesy/replacement car while his own car was being repaired. Given the circumstances here, I think it could be argued that Covea should cover the December 2023 hire car costs, although I recognise this isn't a straightforward issue. However, I don't have enough information to make a finding on this. If Mr C wants to pursue this, he should make a claim to Covea for the December 2023 hire car costs.

The other cost linked to the original complaint is the shortfall between the settlement and the outstanding balance on his car finance, because it's linked to Covea's valuation of his car. But this would only be relevant if Mr C thinks Covea undervalued his car. If Covea offered him a fair market value then any shortfall is unfortunate but is Mr C's responsibility to make up.

Mr C didn't complain to us about the valuation, so we didn't review it. If we were to review it, we'd want to know why Covea's initial valuation (£9,603) was much lower than the valuations in the December 2023 report. It increased this to £11,047 when Mr C complained at the end of 2024. Mr C recently told us that Covea paid him another £1,316.33, plus interest. If both payments were made, the total settlement would be around £12,365. We'd want Covea to show that this is was a fair market value for the car at the time of the accident. Mr C is responsible for any shortfall against the outstanding finance on his car. As above, Mr C should raise this matter with Covea in the first instance.

I think it would be difficult for Mr C to argue that the other costs are consequential losses. That is, that they are losses incurred as a direct result of Covea's decision to declare the car a total loss. As I said in my provisional decision, it's possible Mr C's car was beyond economic repair, I just don't see how Covea could have concluded this from the assessment it made.

But even if the car was repairable, I don't think this means Covea is liable for the other costs Mr C is asking me to award: the cost of his replacement vehicles in December 2023 and June 2024, replacement parts for one of those vehicles, and hire car costs in June 2024. An insurance policy is designed to pay the market value of a vehicle so that a new one can be bought. That's what happened in this case (subject to my comments about valuation), whether or not it was the right decision to declare the car a total loss. I don't really see an argument for Covea making a contribution towards the cost of a new vehicle.

Having said that, Mr C remains free to make a claim for his additional expenses. If he does, I'd expect Covea to consider these fairly and in line with the policy terms.

As both parties accepted my provisional decision and had no other comments they wanted me to consider about Covea's decision to write off the car, I uphold the complaint for the same reasons set out in my provisional decision.

My final decision

My final decision is that I uphold the complaint and order Covea Insurance plc to pay Mr C £500 to reflect the distress and inconvenience it caused him by its poor handling of his claim.

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

Simon Begley
Ombudsman