

## **complaint**

Ms G complains that U K Insurance Limited ("UKI") sold her car for salvage when it wasn't entitled to. She would like the car back, or compensation to cover how much she could've sold the parts for.

## **background**

Ms G has a motor insurance policy which is underwritten by UKI. In May 2017 she had a car accident. Her car was declared as being a "total loss" on 22 May 2017. UKI offered Ms G around £18,500 for her vehicle before the deduction of any excess. Ms G accepted this amount. She's explained she only did so because she was told by the engineer that the car was classed as a Category A total loss – which meant the car would be crushed.

Some months later, Ms G was contacted by DVLA and asked to return her ownership papers for the car. She called DVLA to explain she was told the car was crushed but found out it had been sold as salvage. Ms G complained to UKI as she was never told her car would be sold as salvage. She said she wouldn't have authorised this and would've asked for the car to be returned to her if she'd known. UKI explained that as she accepted the settlement the car became its property. But it acknowledged that it didn't send out the letter asking for her ownership documents so it would've caused some trouble and upset to have DVLA contact her directly for these. It offered her £200 compensation.

Our investigator didn't uphold the complaint. She explained that there wasn't anything to rely on to support that Ms G was told her car was a Category A total loss, and that she hadn't asked for the car to be returned to her. The investigator explained that by accepting the payment for the total loss she was accepting settlement and at that point, the car became the property of UKI so it was entitled to sell it as salvage. The investigator felt that the £200 for the trouble and upset caused by UKI not asking for ownership documents was fair.

Ms G disagreed with the investigator. She said that UKI are obliged to offer her the car back before selling it and it didn't do this. She feels it's been sold unlawfully and asked for an ombudsman to review the complaint. So it's been passed to me.

## **my findings**

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'm not upholding this complaint for similar reasons to the investigator.

From the evidence available I can see that Ms G's car was declared a total loss – UKI decided that it was uneconomical to repair. This is accepted by both parties. Under the terms of Ms G's insurance policy, UKI will offer the market value of the car if it is declared as a total loss. This is what it did and Ms G accepted the amount offered. At this point, the vehicle became UKI's property. This is also in line with the terms of the policy where it states:

*"If your car is uneconomical to repair (written off) and we agree to settle your claim on that basis you still owe the full yearly premium as we will have met all our responsibilities to you under the policy. Once we settle your claim your car will become our property and you must send us the registration document. All cover will then end unless we agree differently. We will not refund any of your premium."*

This means the car was UKI's property as soon as Ms G accepted the settlement. Ms G says she didn't accept the settlement, as no paperwork was sent through and she didn't send through her ownership documents. But by agreeing to the settlement figure, and accepting payment, Ms G was accepting the settlement. So the car was the property of UKI after this point – and so UKI did nothing wrong in selling the car for salvage. Ms G has said there was a duty on UKI to ask her whether she wanted the car returned to her as salvage. But I disagree – the car was declared a total loss, a settlement figure was accepted and payment was made. At this point the car was the property of UKI and there wasn't any duty to then inform Ms G what happens to the car. And Ms G didn't ask for the car to be returned, so I don't think UKI has done anything wrong in selling it on.

Ms G has said that if she'd known it was a Category D total loss she would've asked for the car to be returned. I appreciate that she feels she was told the car would be crushed, and she's provided us with her handwritten notes from a conversation which say the car will be crushed. But throughout UKI's paperwork it says the car is a Category D total loss, rather than Category A. And when Ms G asked for her number plate back she was asked to organise a donor plate which she did. As UKI was requesting a donor plate to be arranged I don't think it's likely that the car was ever recorded as being unsalvageable. I understand this is what Ms G says she was told by the engineer, but from the evidence I've seen I can't say this was the case.

I do think that DVLA contacting Ms G directly months after the event would've come as a shock, and it has clearly caused her some trouble and upset. UKI has offered Ms G £200 compensation for this as it should've asked her to send in her ownership documents earlier – as per the terms of Ms G's policy. I think this is fair compensation and I won't be asking it to do anything more.

### **my final decision**

For the reasons I've explained I don't uphold this complaint. I leave it up to Ms G to decide whether to accept U K Insurance Limited's offer of £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 7 April 2018.

Charlotte Wilson  
**ombudsman**