

complaint

Mr S has complained that Liverpool Victoria Insurance Company Limited (LV) disposed of his car without his permission after he claimed on his motor insurance policy for accident damage.

background

Mr S's car was damaged in an accident. LV decided it was a "total loss", meaning it wasn't economical to repair. They offered Mr S what they thought was the car's market value, though this was difficult to work out because it was an unusual car. Mr S complained to LV, as he'd fitted a lot of new parts to his car and believed LV had undervalued it. As a result LV increased their valuation in April 2015 and offered Mr S £3,500 (minus his excess).

Mr S is a car enthusiast. Although his car was "written off" he wanted it back so that he could use or sell some of its parts. But LV's salvage agent had already disposed of it. LV paid Mr S £500 compensation for this error. Mr S didn't think this was enough and brought his complaint to us.

An adjudicator thought LV should pay a further £700 compensation. LV didn't agree to pay this, and Mr S didn't think it would be enough. So his complaint came to me to decide.

I gave a provisional decision on 4 September. I said:

"Mr S says he's accepted the sum of £3,500 for his car and is only disputing the compensation which LV should pay him for getting rid of his car without asking him. Mr S now says LV owe him £1977.29 more compensation than the £500 they've already paid; this is based on what he'd spent on parts that he fitted to his car before the accident.

LV say that £500 is the amount they usually pay for a car scrapped without the owner's permission, unless the car was of exceptional value (money wise) which they say this one wasn't.

But I think his car was of exceptional value to Mr S, being a car enthusiast. He'd spent a lot of time as well as money on it and, because of his hobby, could have used or sold the parts he saved from his damaged car. So I don't agree with LV that Mr S's car wasn't of any exceptional value, as it was to Mr S. And I think they should pay him more than their usual £500 for a car being scrapped when the owner wanted it back for parts. I'll now explain how much more I think they should pay and why.

Mr S told us in May 2015 that he'd spent "a round £3,000" on parts and an engine for his car before the accident. In June 2015 Mr S calculated this more precisely at £2,677.29. He's provided reasonably detailed receipts and inventories to support this.

LV said that some of the parts which Mr S listed were to make his car roadworthy, and they shouldn't have to pay him for those as it was his responsibility under his motor policy to keep his car roadworthy. LV also say that Mr S didn't tell them he wanted the car until five days after they'd made him their first offer for it as a "total loss".

I think these are both reasonable arguments from LV. Also LV have already increased their valuation of Mr S's car because of the parts he'd bought for it and in that way

they've already compensated him for some of his expenditure on parts. So I don't think LV have to pay Mr S as much compensation as the £1,977.29 he's now asking for.

Mr S paid £2,400 for his car when he bought it and says he spent £2,677.29 on parts: making £5,077.29 expenditure. LV offered him £3,500 for his car and £500 compensation: making £4,000. So I think there's a difference of £1,077.29 between the amount which Mr S has received from LV and the amount he paid for his car and extra parts. But I accept LV's point that some of the parts were to make the car roadworthy and so shouldn't be their responsibility to refund.

I think it would be fair if LV paid Mr S a further £700 compensation, which would in fact make up nearly two-thirds of this difference. So in total LV would pay him a total of £1,200 compensation including the £500 already paid. I think that would be fair and more in line with similar awards described on our website where a business has caused a consumer substantial trouble and upset. I think LV did cause Mr S substantial trouble and upset because he'd spent a lot of time and attention on his car as well as money."

Neither Mr S nor LV agreed with my provisional decision. Mr S thinks he should receive much higher compensation and LV think they've paid enough.

my findings

I've again considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In response to my provisional decision Mr S said his car was one of about 25 of its kind in the UK and he'd upgraded it to a high standard. He doesn't agree that the parts were needed for roadworthiness. He's still very upset about losing them and wishes he had his old engine to put in his current car. He mentioned other parts, not listed before, which he could have put onto his new car.

In their response LV said their valuation of Mr S's car was very reasonable and sent me some advertisements as evidence. They said Mr S had taken out a policy intended for normal day-to-day driving but should have taken out a specialist custom car policy. They said again that some of the parts Mr S bought were to make his car roadworthy, which was his responsibility under his policy. LV weren't happy that I calculated compensation starting from what Mr S had spent on his car. LV said Mr S might have over-paid for his car and the improvements to it.

Having considered the additional arguments from LV and Mr S I haven't changed my mind from my provisional decision. I'll explain why.

Previously Mr S had provided a list of his expenditure with reasonable documentation, and I don't think it would be fair to ask LV to pay for undocumented extra parts at this stage.

LV said Mr S might have over-paid for his car and its improvements; but he might equally have under-paid, so I think his actual expenditure was a fair basis. He couldn't have foreseen that he'd be claiming for these costs on his motor policy, so I think he had no incentive to over-pay and has shown receipts.

LV have made a reasonable point that Mr S might have been better off buying a custom car policy. Mr S said in his latest email to us that his car was "*not even taken on the highway last year*", confirming that it was more of a project than a form of transport.

Nevertheless I think LV made a mistake which meant Mr S lost parts he could have used or sold, beyond those he bought to make his car roadworthy which I'd already taken into account. I can see that both Mr S and LV feel strongly about this complaint but I still think a fair outcome in the circumstances would be for LV to pay Mr S a further £700 compensation for the lost opportunity of being able to use the parts that were disposed of.

my final decision

For the reasons given above it's my final decision that I uphold this complaint. I require Liverpool Victoria Insurance Company Limited to pay Mr S a further £700 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 November 2015.

Sandra Webber
ombudsman