

## **complaint**

Mrs L complains that Zurich Insurance PLC (“Zurich”) handled poorly a claim she made under her motor insurance policy, after her car was damaged in an accident.

## **background**

In May 2014, Mrs L collided with another car, and damaged the front of her car. She made a claim on her Zurich policy. Zurich assessed the value of Mrs L’s car immediately before the accident as £1,620, based on the values of cars of the same make, model and mileage produced by two well known motor valuation guides.

Zurich had Mrs L’s car examined by one of its authorised repairers, which assessed the cost of repairing the car at over £2,700. Zurich said the car was not economic to repair, and it would pay Mrs L the value of the car less the policy excess. Mrs L wanted to keep the car, and considered she could get it repaired herself more economically. Zurich agreed to this but said it would deduct a further £275.40 from the amount it paid her in respect of the car’s salvage value.

Zurich also said it would place a category C write off registration against the car. This warns anyone else who is interested in the car in the future that it has suffered an accident, and that the cost of the repairs exceeded the value of the car. Mrs L was unhappy about this. So Zurich said that it would not make such a registration if Mrs L produced two estimates to repair the damage for less than the value of the car.

Mrs L did produce two such estimates. But Zurich was not happy with them, and said it would now proceed with the category C registration. It would keep the car insured for 42 days to give Mrs L time to have the car repaired. Mrs L was then told by her broker that Zurich had reduced this time to 14 days. This did not give her time to repair her car, so she had to buy another car to use in the meantime, and incurred further costs.

She recovered the first car to carry out the repairs, but when she got it back from Zurich’s agents, the fuel that was in the tank had been removed, and she said the car had been “ransacked” inside, with dirty footprints over the seats. Once the car was repaired, it had to be inspected and tested, because of the category C registration, before it could go back on the road, which involved further expenses. Also, she said that the category C registration meant that the car was worth £1,000 less than it would have been without this registration.

Mrs L complained to Zurich about the way it had handled her claim. It said that:

- its valuation of her car was reasonable, being based on the two motor valuation guides;
- it was reasonable for it to retain the salvage value of £275.40 if Mrs L wished to keep and repair the car;
- the fuel tank was half full at the time of the accident. The fuel had been drained as it could represent a hazard while the car was being stored, but it paid her £100 as a goodwill gesture; and
- its engineer considered that the category C registration was correct.

Our adjudicator did not recommend that this complaint should be upheld. She said that:

- the valuation Zurich had placed on Mrs L's car was reasonable, and in line with the way this service would value a car;
- Mrs L was unhappy that Zurich had proceeded with the Category C registration after saying it would not do so if she produced two repair estimates under its valuation. However, Zurich could not trace the repairers' premises, and had concerns about the estimates. So she considered it was not unreasonable for Zurich not to accept the estimates, and to proceed with the Category C registration.
- Zurich said that it had not reduced the 42 days timescale for Mrs L to repair her car; it remained 42 days throughout in accordance with her policy terms. She considered it would be unfair to penalise Zurich for a possible mistake by Mrs L's broker;
- the other inspections and costs were a consequence of the Category C registration. As Zurich was entitled to make this registration, it could not be responsible for these costs; and
- the compensation of £100 that Zurich paid Mrs L because of the removal of the fuel and the condition of the car when returned was reasonable.

Mrs L responded to say, in summary, that:

- her main complaint was Zurich's broken promise not to make a Category C registration if she produced two estimates below the valuation, and the extra costs, and reduction in the car's value, this had caused. The two repairers were well established and had good reputations, and should not have been dismissed by Zurich;
- she repeated that her broker told her that the 42 days timescale had been reduced to 14 days, and she believed this information had come from Zurich; and
- the £100 compensation was not enough to cover the missing fuel and the damaged condition of the car when returned.

### **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I find that I have come to the same conclusions as the adjudicator, and for broadly the same reasons.

I consider that the valuation figure for the car, the deduction for salvage, and the way Zurich arrived at these figures were reasonable. Given the considerable difference between its valuation of the car, and the detailed estimate for repairing the damage produced by its authorised repairer, I consider that Zurich's decision to register the car as a Category C write off was justifiable and reasonable.

Zurich did say that it would not make this registration if Mrs L produced two estimates for the repairs below the value of the car, which she did. However, when Zurich looked at these, it had concerns that all the damage might not be properly repaired. As it has some obligations to the insurance industry and the general public in the way it makes such decisions, I consider it was not unreasonable for Zurich to proceed to make the registration. Although this has resulted in costs to Mrs L, I do not consider that Zurich can be held responsible for these costs.

Zurich says that it did not at any stage reduce the 42 days period for the repairs to be completed, and I have seen nothing in its files to suggest that it did. Mrs L says she was told by her broker that it had been reduced, but I cannot hold Zurich responsible for the broker's statement.

Finally, I have seen no independent evidence of the damage Mrs L says was caused to the inside of the car before it was returned to her. So I conclude that the £100 compensation Zurich has paid for this and half a tank of fuel is reasonable.

**my final decision**

My decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mrs L to accept or reject my decision before May 2015.

Lennox Towers  
**ombudsman**