

complaint

Ms L says Liverpool Victoria Insurance Company Limited didn't deal properly with a claim she made on her motor insurance policy following an accident.

background

Ms L's car was written-off by an unknown driver in a 'hit and run' incident during the night. Ms L feels that she was blamed for the incident and as a result had to pay the policy excess. She thinks LV only paid the trade price for the car, which means she wasn't able to replace it with a similar car. She thinks it was unfair for LV to cancel the policy after only 30 days and to charge her the full premium for the year. In her view, LV's claims' handlers gave her incorrect information.

Our adjudicator thought LV had offered Ms L a fair price for her car. She thought it was correct to charge Ms L the policy excess and the full year's premium. In her view, LV kept to the policy terms in allowing 30 days before cancelling the policy.

As there was no agreement, the complaint was passed to me for review.

my findings

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

I think Ms L may have been confused by what was said about blame for the accident. LV hasn't said she was at fault. However, the driver who caused the damage hasn't been identified. That means LV can't get back what it's paid out from another party. Because of that, a 'fault' claim will be recorded against Ms L. Although it doesn't mean she was to blame in any way for the accident, it does mean she's had to pay the policy excess.

Ms L agreed to pay the excess when she took the policy out. Had the other party been identified, she may not have had to do so. In other circumstances, Ms L might have seen the registration number of the other car. LV may then have been able to get the policy excess from the other driver. It seems what came across to Ms L when LV raised this point was that LV would have preferred her to be in the car when the accident happened. Clearly, that wasn't LV's intention, so it seems a misunderstanding of some sort occurred.

Ms L says LV's engineer was reluctant to classify the car as a write-off, because it was in such good condition prior to the accident. Whilst I don't doubt that's the case, the decision to write a car off is based on its value and the likely cost of repairing it. It seems Ms L's garage had already indicated the car would be written-off. LV's engineer confirmed what it had predicted and the decision seems reasonable enough.

Following the adjudicator's decision, Ms L provided further information about cars on offer at higher prices than LV had paid for hers. She also gave us copies of articles she'd found about sharp practice on the part of insurers when writing-off cars.

The adjudicator had already set out our position on valuing cars. There are various references to it in the articles Ms L provided. I don't think the adverts Ms L provided are persuasive. Small differences between cars can make substantial differences to values. Asking prices are always inflated, because dealerships as well as private sellers expect to

have to negotiate with buyers. That's why we generally rely on the prices quoted in the major national trade guides. They reflect actual *sales* prices, rather than asking prices.

There's reference to this in Ms L's articles. One of them states that consumers will get a good idea of the market value of their car from *Glass's* and *Parkers* guides. That reflects our view. The article says insurers sometimes offer a trade price for a car, which isn't right. I agree that if LV had offered a trade price for Ms L's car, it would have been wrong to do so.

In fact, LV offered the top *retail* price given in the trade guides. I think that was fair and reasonable. Ms L thinks a reasonable offer would have been between £2,000 and £5,000, but says she only paid £2,000 for her car some five months earlier. It couldn't have been worth more than that, but it could have been worth less at the time of the accident. LV relied on the guidance in the trade guides in offering her £1,542 for the car. Unfortunately, as it then had to deduct £450 for the policy excess, the sum Ms L received was well short of that.

I think LV's offer to Ms L was fair, although I can understand why she was disappointed with the outcome. The only way to be sure the full sum insured will be paid out is to pay for an agreed value policy. They're much more expensive and are usually limited to classic cars.

The full premium for the year was due on Ms L's policy because she'd made a claim and LV had covered it. Again, that's standard industry practice and is set out in the policy documents. Ms L could have added a car to the policy. She says she didn't have enough time to look around. She thought LV should have 'frozen' the policy for several months. That's not something insurers do. The policy allowed 30 days for a car to be added. I think LV acted reasonably in relying on the policy term and cancelling the policy after that period.

I know Ms L will be disappointed by my decision and is unlikely to agree with it. However, our role is to look objectively at how an insurer has dealt with a claim. It seems Ms L thinks this service is 'sponsored' by LV (and presumably by other insurers). I can assure her that isn't the case. Had I found evidence that showed LV acted unreasonably, I'd have upheld Ms L's complaint.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 23 November 2015.

Susan Ewins
ombudsman