complaint

Mr A has complained that Liverpool Victoria Insurance Company Limited (LV) refused to pay for repairs to his car which he said was accident related. Mr A made a claim under his motor policy following an incident.

background

Mr A bought his motor policy with LV. Unfortunately he was involved in an incident where another driver reversed into his car and caused damage to the passenger rear side bumper.

Mr A made a claim to LV and sent it an estimate of £977.93 excluding VAT that he got from a main dealership garage to replace his rear bumper. LV agreed for the main dealership garage to carry the work out but Mr A decided not to have the repairs done there. Mr A then sent LV an estimate from another garage to repair his bumper, not replace it. This estimate was for £900 excluding VAT. Mr A also sent LV an invoice for £469.25 for repairs carried out at another garage as he said he had to have the prop shaft repaired because it was damaged in the accident. Mr A wanted LV to pay for the costs to repair the prop shaft. And he said he also paid £80 for its fitting although this wasn't quoted on the invoice he provided.

LV instructed an independent engineer to inspect Mr A's car. The engineer didn't think that the prop shaft could have been damaged as a result of the incident as the damage was so light to the bumper only. He thought the garage's estimate to repair and not replace Mr A's bumper was exaggerated and his view was that a more reasonable amount to repair the bumper would be around £400 excluding VAT.

As LV didn't think the prop shaft damage was accident related it didn't agree to pay for the costs to repair it. It offered Mr A a cash settlement of £400 so that he could choose how to have his bumper repaired or replaced.

Mr A complained to LV. He was unhappy with the way it dealt with his claim as he received incorrect information when he called it about liability. He also said that it told him the wrong amount for his excess payment that he would need to pay. He wanted it to pay him the original estimate provided by the main dealership, cover his losses while his car's prop shaft was repaired, pay the costs of the prop shaft repair and fitting, and compensate him for the distress and inconvenience it caused him.

LV said it wrongly told him that it had settled the claim on a 50/50 basis. And it clarified what his correct excess was. As it settled the claim on a 'no fault' basis it waived Mr A's need to pay any excess. And it apologised to Mr A for the confusion it caused and paid him £50 compensation.

LV said that the estimate to repair the bumper given by the first engineer could be higher and he applied a higher dealership labour rate to his estimate. So LV increased its cash offer to Mr A from £400 to £678 excluding VAT. LV maintained its decision not to pay for the damage to the prop shaft. So Mr A instructed an independent engineer to inspect his car.

The second engineer reported that it was unusual but not impossible for the damage to the prop shaft to have been caused by the accident.

LV's own engineer reviewed both the first and second independent engineer's reports. The second report didn't persuade him that the prop shaft was damaged in the incident. So LV maintained its decision not to pay for the damage to the prop shaft or any related losses as it didn't think there was enough evidence to show it was accident related.

Mr A remained unhappy so he brought his complaint to us. The adjudicator who investigated it didn't recommend that it should be upheld. She was of the view that LV had dealt with Mr A's complaint reasonably and there wasn't enough information to show that the prop shaft damage was caused by the accident.

Mr A didn't agree. So the matter has been referred to me to decide.

my findings

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

Mr A said that LV made a number of errors while it was dealing with his claim. He said that his car was making a noise after the accident and LV advised him to take it to a garage to be looked at. He went to a dealership garage and they provided an estimate to replace the bumper and told him it would investigate the noise at the same time. Mr A then took his car to another garage and it was this garage that told him his prop shaft was damaged so his car wasn't roadworthy. Mr A felt that LV wasn't being helpful or responsive and at that stage it said the claim was likely to be settled on a 50/50 basis. So he couldn't wait for it to decide what to do and he needed his car repaired as it is his livelihood as a taxi driver.

LV said that after Mr A sent it the main dealership estimate, Mr A called it to say he didn't want to go ahead with the repairs until liability had been resolved. However before liability was decided, Mr A then sent it an estimate from another garage for the repair to his bumper along with an invoice for work already carried out to the prop shaft.

I understand that Mr A was in a situation where he needed to decide to have the prop shaft repaired based on the advice the garage gave him – that his car wasn't roadworthy in its condition. But I also think that LV was unaware of any prop shaft damage from the accident until after the repair work was carried out. So I think it was reasonable for LV to have an independent engineer inspect Mr A's car before it could decide if this damage was accident related.

The first independent engineer didn't think the prop shaft damage was accident related. He said that the damage to the rear bumper was of a light nature and consistent with a glancing impact.

The second engineer's report said that it was unusual, but not impossible that the accident could have caused the prop shaft damage. He said that Mr A's car had recently passed a Hackney Carriage Vehicle Inspection test so if there was a problem it would have been picked up then. So *"giving the owner the benefit of the doubt"* it included the prop shaft damage as accident related.

LV asked its own engineer to review the reports. He was of the view that for the accident to have caused damage to the prop shaft, the impact would need to show on the bumper, tailgate and exhaust. He said that *"no energy force has even touched the tailgate or the exhaust system, let alone the prop shaft."* He thought the very light damage to the bumper didn't support the second engineer's view that the accident could have caused the prop shaft damage. So LV didn't change its mind.

I think the reasoning behind the first engineer's report and its own engineer is more persuasive than the second engineer's report in deciding what was accident related damage. So I don't think LV was unreasonable in reaching its decision not to pay for the prop shaft damage. As the second engineer's report didn't show LV that the first engineer's report was wrong, it doesn't owe Mr A the costs of that report. And it follows that as I think LV reached its decision reasonably, it doesn't owe Mr A for any losses while the prop shaft repair was being carried out.

I think LV was reasonable to reconsider its original offer of £400 to repair the bumper by increasing it to £678. Its engineer said that this was a generous allowance as it increased the labour time it would take to repair the bumper and applied dealership rates, which is more expensive.

There's no justification for LV to pay Mr A the original estimate provided by the main dealership garage for a couple of reasons. It quoted to replace the bumper with a new one rather than repair the existing one, which is more expensive. And its labour rates are also more expensive. LV offered Mr A to have the bumper repairs carried out there but he didn't want to. So I don't think it's fair that he should instead receive that estimate as a cash sum to choose to have the work carried out elsewhere for a much lower price. I therefore think that a cash sum of £678 exclusive of VAT is a reasonable amount from LV to Mr A to have his bumper repaired. It is up to Mr A to decide if he wants to accept this from LV.

I think that LV's service to Mr A was poor when it gave him conflicting information about liability when he called it. It gave him an incorrect amount that he owed it for his excess. For its misleading information it apologised to Mr A and paid him £50. I think LV dealt with Mr A's complaint about its service to him in a fair and reasonable way.

my final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 February 2016.

Geraldine Newbold
ombudsman