

## **The complaint**

Mr M complains that Liverpool Victoria Insurance Company Limited mishandled a claim on a motor insurance policy.

## **What happened**

The subject matter of the claim and the complaint is a car with an automatic transmission and first registered in 2004.

Mr M acquired the car in about 2018 (according to a later renewal document).

For the year from mid-June 2022, Mr M had the car insured on a comprehensive policy with LV.

Mr M was the policyholder. The policy also covered his wife Mrs M as a named driver.

Any claim for damage (except a windscreen claim) was subject to an excess of £400.00.

Unfortunately, Mr M reported that in May 2023, an accident had damaged the car.

Mr M told LV that he authorised Mrs M to deal with the claim on his behalf. She spoke with LV on about 2 June 2023.

By an email dated 3 June 2023, LV said the car was a total loss and that its pre-accident value had been £1,800.00. After deducting the excess of £400.00, LV said it would send Mr M £1,400.00.

Mr M complained to LV that it was under-valuing the car. By an email dated 8 July 2023, LV increased the valuation to £2,000.00. That would've required a further payment of £200.00.

In early August 2023, Mr M also complained to LV that it hadn't let him keep the damaged car for parts.

By a final response dated 23 August 2023, LV declined to increase its valuation from £2,000.00.

By a letter dated 6 September 2023, LV turned down Mr M's complaint that it hadn't let him keep the damaged car for parts.

Mr M brought his complaint to us in late September 2023.

### *our investigator's opinion*

Our investigator didn't recommend that the complaint should be upheld. She didn't think that LV had done anything wrong.

### *my (first) provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr M and to LV on 8 February 2024. I summarise my findings:

I was minded to find it fair and reasonable to direct LV to increase its valuation to £2,095.00, the highest of the trade guide valuations.

That would require a further payment of £95.00.

I was minded to find it fair and reasonable to direct LV to add interest at our usual rate.

Subject to any further information either from Mr M or from LV, my provisional decision was that I upheld this complaint in part. I intended to direct Liverpool Victoria Insurance Company Limited to pay Mr M:

1. in addition to its payment of £1,600.00, a further £95.00 for his car; and
2. simple interest at a yearly rate of 8% on that further payment of £95.00 from 9 July 2023 to the date of that further payment. If LV considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr M how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

*my (second) provisional decision*

After considering all the evidence, I issued a second provisional decision on this complaint to Mr M and to LV on 5 April 2024. I summarise my findings:

I'd changed my mind about the valuation, for the reasons set out in the section headed "Valuation".

LV's offer of £2,000.00 was fair and reasonable in all the circumstances.

Subject to any further information either from Mr M or from LV, my provisional decision was that I didn't uphold this complaint. I didn't intend to direct Liverpool Victoria Insurance Company Limited to do any more in response to this complaint.

Mr M disagreed with the second provisional decision for all the reasons stated previously.

LV hasn't responded to the second provisional decision.

I've reviewed all the points Mr M and LV have made previously. I see no reason to change my second provisional decision or to delay the issue of this final decision.

**What I've decided – and why**

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

The car

From its MOT history, I see that in mid-April 2023, the car passed a test, with a recorded mileage of about 98,000 and with some "advisories".

I accept Mr M's evidence that he spent money on resolving those issues.

### The damage and possible salvage

I've seen photographs showing damage to the nearside and front of the car. I accept that LV didn't do an estimate of repairs.

The context was an old car of modest value. So I don't consider that LV treated Mr M unfairly by concluding that the damage was uneconomic to repair. An LV engineer said that Mr M's damaged car was in salvage category B ("Break"). Mr M hasn't provided any other engineer's opinion. So I accept that the damaged car was in category B.

Mr M owned the damaged car. However, if LV were to pay his claim, then LV would become the owner of the damaged car and would sell it through a salvage company.

Mr M wasn't going to be able to receive the market value and also to keep the car, or parts of it. If he wanted to keep the damaged car, then he was going to have to accept its market value less a salvage value.

From LV's file, I see that on 29 May 2023, Mr M told LV he didn't want to keep the damaged car, however by 31 May 2023, he said he was thinking of keeping it.

From the recording of the call on about 2 June 2023, I find that Mrs M persuaded LV not to apply a deduction for pre-accident damage. LV said its pre-accident valuation was £1,800.00. Mrs M didn't want to suffer a deduction of £180.00 in order to keep the damaged car.

I'm satisfied that LV sent the email dated 3 June 2023 to the correct email address. I don't hold LV responsible for Mr M not receiving or reading it.

From a screenshot I've seen, LV scrapped the car on about 9 June 2023.

From LV's file, I see that Mr M contacted LV on 9 July 2023 to say he wanted the car for parts. I consider that he was too late.

LV had to have the car properly broken up. I don't consider that LV has to show Mr M a certificate of destruction.

A DVLA vehicle check of the registration number shows no trace of the car. So I don't find that it is still on the road.

### Valuation

The policy requires LV to compensate Mr M for the market value of the vehicle. The LV policy defines market value as follows:

*"the cost of replacing your car with the same make, model and specification. Age, mileage and condition will be taken into account. We'll ask an engineer for advice, use motor trade guides and other sources to determine the market value. We'll consider the amount you could have reasonably got for your car if you sold it immediately before the accident, loss or theft and not the price you paid for it"*

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations - which is also our starting point for most valuation complaints.

I've looked at the available guides to assess whether LV's offer of £2,000.00 is fair and reasonable. I have reviewed CAP Market Value Manager, Glass's Market Value and Percayso guides, which gave values as follows:

Glass's	£1,240.00
Percayso	£1,602.00
CAP	£2,095.00

I've also considered the additional evidence that Mr M provided, specifically a couple of advertisements for similar cars offered for sale at £1,990.00.

In my view the most persuasive additional evidence of market value is those advertisements produced by Mr M because they are for similar cars which were for sale shortly after the accident for slightly less than £2,000.00.

I've thought about the valuations produced by the guides I've used, where LV's offer sits within them, and the extent to which it's supported by the additional evidence I've reviewed and found persuasive. Having done so, I consider that LV's offer of £2,000.00 is fair and reasonable in all the circumstances because it's supported by this additional evidence.

I consider that this includes the value of parts (and fitting) that Mr M had spent in resolving the advisories. I'm not persuaded that the new parts added any value to the car. Rather they maintained its value.

### **My final decision**

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Liverpool Victoria Insurance Company Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 May 2024.

Christopher Gilbert  
**Ombudsman**