

The complaint

Miss S complains Liverpool Victoria Insurance Company Limited (“LV”) has charged her an additional excess following a claim on her motor insurance policy.

The complaint was made by the named driver. Miss S is now professionally represented. For ease of reading, I will refer to their actions collectively as Miss S’.

What happened

Miss S’ car was damaged accidentally. She claimed on her LV motor insurance policy. LV accepted the claim. Miss S wanted to use her preferred repairer. This was because she wasn’t entitled to a courtesy car from LV, but her preferred repairer would provide one. LV explained there would be a £200 additional excess because Miss S’ preferred repairer wasn’t one from its list of recommended repairers.

Miss S is dissatisfied with this. She considers the additional excess is an unfair/unlawful term. She has referred to various pieces of legislation, principles and guidance. LV responded to say it was acting in line with the policy and didn’t agree it had been wrong for it ask Miss S to pay the additional excess. Miss S asked our service for an independent review.

The Investigator didn’t recommend the complaint should be upheld. She concluded, in summary, that LV made the additional excess clear in the information it provided to Miss S, that it was for Miss S to ensure the policy suited her needs, and that it was fair and reasonable for LV to handle the claim in line with the policy terms. Miss S didn’t agree so the complaint has been passed to me to decide.

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.

Miss S has commented on the fairness/lawfulness of the additional excess term. She says, in brief, it causes her financial detriment, restricts her rights of choice, and places LV’s financial interests above hers. It’s not my role to say whether LV has acted unlawfully or not – that’s a matter for the Courts. I must take the law into account, but ultimately, I need to decide this complaint based on what’s fair and reasonable.

Miss S has provided a copy of her renewal information. On page three it asks her to ensure the cover meets her needs and then provides a table summarising the key policy details, such as the car covered, the drivers covered and for what. In a column titled ‘Driver’s excess’ it says, twice:

*“Non-recommended repairer** : £200”*

And then below the table it says:

*“**You can choose which repairer you want to use from our list of recommended garages. If you choose a garage that isn't on our list, you need to pay an extra £200 excess. Applies to accidental damage, fire and theft and glass replacement excess”*

On page four and five of the renewal information further key details are shown, including what optional extras have been chosen. A courtesy car isn't one of them.

I'm satisfied LV made clear to Miss S what her policy covered and what the excesses would be. It was for Miss S to ensure the policy suited her needs and to amend her cover with LV, or seek cover elsewhere, if it didn't. Miss S chose not to take a courtesy car as an optional extra with LV but did want one when she needed one. It's understandable that she wanted to use a repairer which would provide one. But Miss S had a choice to make; take her entitlement from LV to have the car repaired by one of its recommended repairers or use a non-recommended repairer and pay the excess.

I'm not persuaded the additional excess was designed to cause financial detriment to Miss S to the financial benefit of LV. I say this because it's common for insurer to receive discounts from repairers due to pre-existing relationships and economies of scale. The additional excess therefore most likely reflects the additional cost to LV of the car being repaired by a repairer it doesn't have an existing relationship with. Often in circumstances such as these, where the insured insists on the use of their preferred repairer, the insurer makes a cash settlement based on what the repairs would have cost it. That scenario would likely have cost Miss S materially more than £200.

Overall, while I find Miss S going with her preferred repairer to access a courtesy car understandable, it was her choice to do so. It follows I find it was fair and reasonable for LV to ask Miss S to pay the additional excess, given that's what the policy said would happen.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 22 September 2023.

James Langford
Ombudsman