

The complaint

Mr J complains that Ageas Insurance Limited deducted his car's salvage value from his settlement following a claim made on his motor insurance policy.

What happened

Mr J's car was damaged in a non-fault accident, and he made a claim. It was first dealt with through his broker and he was offered a settlement for the car's market value. Mr J wanted to retain the car's salvage and the broker said there would be no deduction for this. There was a delay in the other driver's insurer paying the settlement. So Mr J took his claim to Ageas. It offered him the same valuation, but it said there would be a deduction for salvage. Mr J was unhappy with this.

Our Investigator didn't recommend that the complaint should be upheld. He thought Ageas wasn't bound by the broker's offer to not make a deduction for salvage. He thought its salvage deduction was fair and reasonable. So he thought it hadn't acted unfairly or unreasonably.

Mr J replied that he thought the broker would have been in contact with Ageas about the settlement offer. He said his car had incurred only slight damage which made it not worth repairing, which was a shame. And he thought it shouldn't be classed as a write-off and the car should have been physically assessed. He was unhappy with the actions of the broker.

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.

I can understand that Mr J felt frustrated that he didn't receive the settlement he expected from Ageas. Mr J was unhappy with the actions of his broker. But I can't consider those here as it's a separate business to Ageas. And so Mr J would have to make a complaint to the broker to give it a chance to respond. If he remains unhappy, then he can bring this complaint to us.

Mr J said he thought his car shouldn't have been classed as a Category S write off on the basis of photographs. But it isn't unusual for insurers' engineers to estimate repairs costs from photographs, and so I can't say that Ageas should have instructed an engineer to assess the car physically.

The Category S marker means that Ageas thought there was structural damage, but it had decided not to carry out repairs as the market value of the car made these uneconomical. I can see that Ageas relied on its engineer's assessment of the likely damage and repairs costs. So I think this was fair and reasonable.

Once Ageas has assessed a car's Salvage Category it is obliged to record it to provide an accurate history of the car. And, although I can understand Mr J's feelings on the matter, I can't say that Ageas has acted incorrectly.

The broker had told Mr J that there would be no deduction for the retained salvage as the salvage had no value. But Ageas isn't obliged to honour the broker's offer as it wasn't acting as its agent.

It's a general principle of insurance that when an insurer pays out for a total loss, it gets to retain the damaged item if it's available. Ageas thought the car did have a salvage value which it would lose unless it charged Mr J for the retention. And I can see that it calculated the salvage fairly in keeping with its salvage arrangements. So I can't say Ageas did anything wrong in this.

My final decision

For the reasons 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 J to accept or reject my decision before 10 April 2024.

Phillip Berechree
Ombudsman