

The complaint

Mr M complains about how Liverpool Victoria Insurance Company Limited (LV) handled a claim made on his motor insurance policy. He seeks appropriate compensation for his consequent losses.

What happened

Mr M was involved in an accident, and he made a claim to LV. But he was unhappy as he said LV told him to arrange his own recovery, that it delayed taking his car for repairs, that it didn't provide him with a courtesy car, and that his car needed further repairs after it was returned to him.

Mr M said he had to hire a van to carry out his work and he wanted these costs refunded, with interest. He wanted a refund of the courtesy car element of his premium. He wanted a guarantee that a suitable replacement vehicle would be provided in the event of a future claim. He wanted compensation for the lack of communication, for having to use his own recovery service and for the stress, anxiety and inconvenience caused.

LV offered to refund Mr M for any recovery charges he incurred. It offered him £150 towards his hire costs and £62 for the inconvenience and costs of rectification. LV later increased its offer of compensation to £250 in total. But Mr M wanted the full costs of his hire refunded.

Our Investigator recommended that the complaint should be upheld in part. She thought LV should have recovered Mr M's car after the accident. She thought LV had caused six days' delay in taking the car for repairs and it should reimburse Mr M for the costs he incurred in hiring a like for like replacement car for these days.

She thought LV had fairly compensated Mr M for not providing a replacement car whilst his car was being repaired. She also thought LV had fairly compensated Mr M for the need for rectification work. And she thought LV had reasonably tried to communicate with Mr M and progress the repairs. She recommended that LV should pay Mr M £100 further compensation for his trouble and upset caused by the delays and reimburse his hire costs for six days.

LV agreed to do this. But Mr M was unhappy that not all of his complaint points had been addressed and that his hire costs hadn't been fully reimbursed. As Mr M didn't agree, his complaint has come to me for a 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.

I can understand that Mr M felt frustrated and stressed when he was without his car during a busy period of work commitments. As our Investigator has explained, any claim will involve an amount of inconvenience and stress. So I've looked at the claim journey to see if LV's handling of Mr M's claim caused him avoidable trouble and upset.

Mr M said LV told him to arrange his own recovery. From LV's notes, it thought that Mr M had told it that he had already arranged recovery when he notified the claim. I can't say for sure what happened at the time, but Mr M is entitled by his policy's terms and conditions to

recovery. However, LV said it would reimburse Mr M for any recovery charges he incurred, which I think is fair and reasonable. But he hasn't provided evidence of this. So I can't see that Mr M incurred any loss that needs to be reimbursed.

LV's repairer completed an estimate on the day of the accident, but it then took six days for the car to be taken for repairs. LV accepts that this was too long, and it has agreed to reimburse Mr M for the actual hire costs he incurred during these six days, £532.31, due to its avoidable delay. Mr M wanted interest added to this amount, but I don't think that would be fair or reasonable. This is because I think it would usually take a few days for repairs to be arranged. And so I'm satisfied that this payment exceeds what I'd normally require.

Mr M also wanted reimbursement for all of the eleven days' hire. This included the six days before his car was taken for repair, and then two days whilst repairs were carried out. LV's garage said it hadn't provided a replacement car as the repairs only took two days.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably. The policy terms and conditions for courtesy car provision are stated on page 16 of Mr M's policy booklet:

"Temporary replacement car

We will pay for a temporary replacement car if this cover is shown on your schedule.

We will only provide a temporary replacement car:

- *after loss or damage covered by this insurance,*
- *if we manage your claim,*
- *if you use our Selected Repairer Service and;*
- *while repairs to your car are being carried out.*

Temporary replacement cars are usually small hatchbacks under 1200cc."

And I can see that the temporary replacement car entitlement is stated on the policy schedule. So Mr M was entitled to a small replacement car for the two days whilst his car was being repaired, but he didn't receive this. However, I think that LV's compensation already paid sufficiently recompenses Mr M for this failing.

Mr M said he had committed to further hire as he wasn't provided with a firm completion date for the repairs. I can understand that Mr M needed to ensure that he had a suitable vehicle for his work, but I can't reasonably hold LV responsible for his hire arrangements. So I don't think it needs to reimburse him for these further costs.

And as Mr M has benefited from the policy and has been provided with fair compensation, I don't think it would be fair to ask LV to refund him any premium for not providing a replacement car.

I think Mr M reasonably mitigated his losses by hiring a replacement car, so he didn't lose any work. So I can't reasonably ask LV to compensate him for any loss of income.

Mr M wanted a guarantee that a suitable replacement car would be provided in the event of a future claim. But I can't require LV to provide this, just what the policy's terms and conditions state. I've seen other policies where a guaranteed replacement car option is available. But this isn't the case with Mr M's policy with LV as stated in the policy's terms and conditions I've quoted above.

Mr M said he didn't receive promised calls back and he had to chase LV for updates. I can understand that Mr M wanted a firm completion date for his repairs and that he wanted this done quickly. I think this caused Mr M some frustration and LV could have done more to manage his expectations. But I think LV promptly progressed the repairs once the car had been collected, albeit some rectification was needed later.

When the car was returned to him, Mr M said there was further damage and he needed to top up the oil and radiator. Mr M later agreed that a scratch on the bumper was pre-existing. And LV's garage explained that an oil leak was caused by a non-accident related issue. However, rectification work was completed, and Mr M was caused inconvenience by this.

LV paid Mr M £50 compensation for this and reimbursed his £12 costs for oil. Our Investigator recommended that LV should pay Mr M £100 further compensation for this trouble, for communication issues, and for the inconvenience caused by its avoidable delays. I think that's in keeping with our published guidance, so I think that's fair and reasonable.

Putting things right

I require Liverpool Victoria Insurance Company Limited to do the following:

1. Pay Mr M £532.31 to reimburse him for his car hire costs incurred by its avoidable delay in the claim.
2. Pay Mr M £100 further compensation for the distress and inconvenience caused by its handling of his claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require Liverpool Victoria Insurance Company Limited to carry out the redress above, as it's already agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 June 2024.

Phillip Berechree
Ombudsman