

final decision	
complaint by:	Miss F Harry
complaint about:	U K Insurance Limited
complaint reference:	2121-0580/HJ/KC06
date of decision:	13 August 2019

complaint

Miss H has complained that U K Insurance Limited (UKI) incorrectly categorised the salvage of her car when she made a claim under her car insurance policy. Mr K is representing Miss H in her complaint.

background

In November 2017 Miss H made a claim under her car insurance policy to UKI. An engineer declared Miss H's car uneconomical to repair. There are four categories for vehicle salvage. They are:

- A: Scrap (not to be returned to the road)
- B: Break (for parts but not to be returned to the road)
- S: Structural damage (repairable) and;
- N: Non structural damage (repairable).

UKI's engineer categorised Miss H's car as 'B'. Miss H decided to keep the salvage. So UKI paid a total loss settlement to Miss H and deducted a salvage fee.

In July 2018 Miss H complained to UKI. She said it didn't tell her about the categorisation of her car. She'd had it repaired. It had passed its MOT in March 2018. But due to the categorisation, Miss H said she was unable to buy insurance and so couldn't use it.

In July 2018 UKI said it had correctly categorised the salvage of Miss H's car. In August 2018 Miss H asked Mr K to help her with her complaint.

UKI replied to Mr K and maintained its position. So in November 2018 Mr K asked us to look at Miss H's complaint.

Our investigator found that UKI had told Miss H when it settled the claim in December 2017 that it had categorised her car 'B'. But he didn't think it had shown that its decision was reasonable. So he recommended UKI consider the categorisation of Miss H's car from 'B' to 'N.' He also recommended UKI pay Miss H £300 compensation for the distress and inconvenience it had caused her.

Miss H accepted the investigator's view. UKI doesn't agree it should pay Miss H £300 compensation.

So the case has been passed 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. Having done so, I intend to uphold it.

I've considered the relevant code of practice for the categorisation of motor vehicle salvage. The definition of category B (break for parts) is “

“The vehicle is deemed not suitable to be repaired. Usable parts can be recycled. This vehicle will be classed as waste”

The engineer's report said that it wasn't economical to repair Miss H's car. But it didn't explain why it was deemed a category 'B'.

UKI told us that in the professional opinion of the engineer, Miss H's car was correctly categorised. It had some structural damage and the engineer considered it unsuitable for repair.

But Miss H's car was subsequently inspected, repaired and passed its MOT in March 2018. Mr K – who is also an engineer – told us that Miss H's car didn't require a new rear sub frame as UKI's report indicated. And he doesn't agree UKI could have known this without carrying out a geometry check. Mr K said the repairs Miss H arranged included a geometry test. This test showed that the rear axle was aligned properly. And this meant that it therefore didn't need to be repaired. Mr K said the shock absorber listed on the engineer's report wasn't required either. The difference in these costs alone made the difference – in his view – between Miss H's car being economically repairable by UKI.

Mr K said that the engineer didn't mark Miss H's car in his report as having structural damage. So his view – based on the actual repairs carried out to Miss H's car – is that it should have been categorised as 'N' as there wasn't structural damage. The driver's side rear quarter panel was marked for repair and therefore deemed suitable to repair.

In response, UKI said it was confident its engineer was appropriately qualified to inspect and decide on the condition and salvage category of the vehicle. It said that the damage to the sub frame wasn't checked at the time of assessment as the potential costs made it prohibitive.

However, Miss H has had her car repaired to a roadworthy condition – without requiring a new sub frame. So on balance, I think the information provided by Mr K is more persuasive and I don't think UKI correctly categorised the salvage of Miss H's car.

UKI said that Miss H first raised the issue about the salvage categorisation in March 2018. But she didn't advise it of the impact relating to insuring the car. If she had, it would have reviewed the repairs and if they were up to standard, it would have changed the categorisation to 'S.' It says a senior engineer has reviewed its decision and correctly categorised the car and followed the correct process.

However, I think it was clear from Miss H's complaint in July 2018 that she was unhappy because she was unable to use her car following repairs due to the categorisation of it. So I think UKI could – and should have reviewed the repairs then. But it didn't.

Miss H said UKI didn't tell her that it had categorised the car 'B'. But UKI has provided a copy of a letter it sent to Miss H in December 2017 explaining the categorisation of Miss H's car. Miss H said she tried to insure her car in March 2018 after having it repaired.

So our investigator thought that UKI was responsible for some, but not all of the time Miss H was unable to use her car – and so he recommended UKI pay Miss H £300 compensation for the distress and inconvenience it caused her. Miss H accepts the investigator's view.

So I agree with the investigator's recommendations to put things right. In this case, I don't think there's enough to persuade me that UKI made a fair decision when it categorised Miss H's car as 'B'. I think 'N' is a more suitable category based on everything I've seen.

my final decision

For the reasons I've given above, my final decision is that I uphold this complaint in part. I require U K Insurance Limited to do the following:

- change the categorisation of Miss H's car from 'B' to 'N' following the code of practice for the categorisation of motor vehicle salvage.
- Pay Miss H £300 for the distress and inconvenience it's caused her.

U K Insurance Limited must pay the compensation within 28 days of the date on which we tell it Miss H accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 13 September 2019..



Geraldine Newbold
ombudsman