

A study of Insurance (Vehicle) Write-offs

Bridging The Gap



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Executive Summary

The report Bridging the Gap focuses on two countries – the United Kingdom (in particular Great Britain) and the Republic of Ireland. In these countries unscrupulous sellers try to pass off insurance Categories S or N vehicles (known as C and D in Ireland) as non-damaged motors by hiding their past. The buyer might not be aware the vehicle has previously been damaged and so could pay over the odds for an insurance write-off. Suffering an accident that leads to a vehicle write-off is distressing, but unwittingly purchasing a written-off vehicle and paying more than market value for it, is becoming a major problem.

In the United Kingdom and Ireland, the resale of Category C (S) and D (N) vehicles is not controlled because there is no mechanism to determine whether these recycled vehicles are repaired to a degree such that they are secure and safe to drive.

Equally there is no mechanism or available evidence to determine the magnitude of these vehicles (which are not repaired to a standard which offers safety and security to the driver and passengers) which may fail mechanically. As these vehicles are unsafe, they may be involved in road traffic collisions and as consequence cause injury or death to the vehicle occupant/s and/or possibly other road users. However, prior to this study, the quantity of the circulation of these vehicles was an unknown throughout the British Isles (the island of Ireland and Great Britain). There was a huge knowledge gap between what is suspected and what the real effects of these insurance write-offs are on our roads.

From this study, finding information from victims of unscrupulous sellers was found to be far more difficult than expected, in spite of the dissemination of a survey online and through social media, the response was poor. Total responses were two, both referring to category N, with n.35 who accessed the survey but either did not complete the survey or did not attempt to fill it in. This suggested that in spite of wide dissemination, perhaps the targeted audience was not reached or because potential respondents were unwilling to provide information which may have been due to the owners' concerns of losing their insurance cover, or the refusal of insurers to pay out in case of an accident. Also considered was that the problem was not as extensive as first hypothesized.

A law enforcement agent in Ireland commented that that they carry out inspections of rogue traders and write to those consumers who have bought cars from the trader, to inform them that their cars are recorded with an insurance write off category, however they found that very few replied. This suggests that purchasers of these vehicles may be reluctant to admit that they have bought an insurance write-off. The survey was circulated widely across the internet and posted on social media on pages and forums where there appeared to be potential victims of unscrupulous sellers, but the response to the actual posts about the survey was negligible as were the responses to the survey.

Given the poor response to the survey, the next step was to access data provided from official sources, other government agencies and find further information through journalists, police as well as the monitoring of vehicle auction sites. What transpired from these contacts and the information made available, was that there is reason to be concerned about the sale of unsafe vehicles which end up on public roads.

This initiative is an Irish/Anglo collaboration of automotive engineers, journalists, law enforcement and research analysts. It is endorsed by the British National Vehicle Crime Intelligence Service and supported with a grant from the Rees Jeffreys Road Fund.

1. Introduction

For many years, written off salvage vehicles¹ have been sold in the United Kingdom which includes Northern Ireland as well as in the Republic of Ireland. These vehicles are salvage categories such as S and N in the UK or C and D in Ireland.

According to automotive engineers in both Ireland and the UK, they regularly come across these vehicles while carrying out examinations of vehicles with very poor repairs. These vehicles are dangerous and facilitate further intrusion into the vehicle in the event of a second accident. This appears to be a very significant problem across Ireland and in the UK.

Consider that the Road Worthiness test, NCT in Ireland and the MoT in the UK is a check at a point in time that a vehicle meets a basic standard. It is not a detailed mechanical investigation. The vehicle cannot be dismantled during the NCT/MoT so only parts that can be seen and are accessible can be checked.

In terms of proportion, in Great Britain (GB), there were 31.5 million cars (82.5%), 4.0 million LGVs (10.5%), 0.5 million HGVs (1.3%), 1.2 million motorcycles (3.3%), and 0.9 million other vehicles (2.4%), making a total of 38 million vehicles licensed at the end of 2018. There were 980,000 cars (82.6%), 120,000 LGVs (10.0%), 24,000 HGVs (2.1%), 22,000 motorcycles (1.9%), and 40,000 other vehicles (3.4%) licensed at the end of 2018 in Northern Ireland, equal to 1.2 million vehicles.

Overall, in the UK (GB and Northern Ireland) there were 260,871 S category and 318,656 N category write offs recorded in 2018. While in Ireland at the end of 2018, there were 2.68 million vehicles, including 2.1 million cars registered and in circulation. This compares to 6255 C category and 2204 D category write offs recorded in 2018.

What is lacking is the evidence to understand the extent of the problem and indeed whether it is due to any particular manner of selling these vehicles – for example through auto trading online companies or through online vehicle auction houses.

Also to consider is whether these insurance write offs have a market and finally whether the purchasers of these vehicles are aware of the potential safety hazard or whether purchasers of vehicles from online vehicle trading websites or auction houses (which are used by insurers to sell on these vehicles) accept vehicles at face value i.e. as advertised, or whether there are darker issues to consider, for example – misleading advertising or abuse of these auction houses to launder money by criminals and sell on cloned vehicles.

Elaine Hardy PhD

¹ An insurance write-off is when a vehicle is either so badly damaged that it is unsafe to drive, or when the cost of repair would be a lot more than the current value of the vehicle. This could be from damage caused in a crash, or by water or fire. Also included in this definition can be stolen and recovered vehicles.

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2. Background

If a vehicle is written off by an insurance company, the level of damage is divided into four clear categories. Firstly, Categories A and B, where the vehicle is beyond repair and must never return to the road. Secondly, Categories C and D which became categories S and N in the UK in 2017 but remained as the same in Ireland, for those that can be repaired, but where the cost of doing so might be more than the vehicle is worth. How insurers make these decisions and what happens next can raise a lot of questions.

Once the insurance claim has been paid to the owner, Cat C (S) vehicles can be sold on for repair or are often sold at auctions to garages and car traders by an insurer. This way, the insurer gets back some of the cost.

Cat C (S) vehicles can be made as safe as a new car and driven again. Though it may be worth having an independent inspector check the repairs to see if it's been done to the correct standard². Like Cat C (S) write-offs, Cat D (N) vehicles can also be repaired or sold on by an insurer after the claim has been paid to the owner. As Cat D (N) vehicles are lightly damaged, there are businesses and garages that specialise in repairing them back to a roadworthy condition to sell on.

Professional vendors and traders must state whether a car has been previously written-off. However, not all private sellers will do that. It's up to the registered owner of the vehicle to tell the DVLA when a written-off vehicle is passed to an insurer. The vehicle owner may allow the insurer to act as their representative when telling the DVLA about a vehicle's condition. In this case, the insurer must tell the DVLA using the appropriate section of the vehicle's V5C logbook. If this isn't completed by an insurer, the registered owner will still be legally responsible for the vehicle.

A number of vehicles that are self-insured fleet vehicles are also sold on without any category being allocated to them at all, these are gold dust to those seeking to return vehicles to the road by whatever means, in this instance DVLA do not even receive a V23 notice, so these vehicles fly below the radar.

Vehicles written off as a Category S case, must have a Form V23³ submitted by the insurer, self-insurer or agent to DVLA as soon as the categorisation decision is made and without waiting for V5. However, it is the responsibility of the keeper to notify DVLA when a vehicle is passed to an insurer following a total loss payment. No notifications are made to the Driver and Vehicle Licensing Agency (DVLA) or VOSA when a car is written off in a Category D (N) situation.

Anecdotal evidence suggests that some sellers try to pass off Category C (S) or Category D(N) vehicles as non-damaged motors by hiding their past. If the buyer does not carry out a vehicle history check, they might not be aware the vehicle has previously been damaged and so could pay over the odds for an insurance write-off. Suffering an accident that leads to a vehicle write-off is distressing, but unwittingly purchasing a written-off vehicle and paying more than market value for it is becoming a major problem.

² The new Category S means the vehicle has suffered structural damage. This could include a bent or twisted chassis, or a crumple zone that has collapsed in a crash. Category S damage is more than just cosmetic, therefore, and the vehicle will need to be professionally repaired. Also, it won't be safe to drive until then. Vehicles graded Category N haven't sustained structural damage, so the issue may be cosmetic, or a problem with the electrics that isn't economical to repair. It is assumed that such vehicles are drivable, however; non-structural faults may include brakes, steering or other safety-related parts. In 2017 S and N categories replaced the previous categories C and D in the UK, while in Ireland the categories C and D remain.

³ DVLA Form V23 – used for a vehicle that has been previously damaged, and has been deemed by insurers as beyond economical repair.

Both NaVCIS (National Vehicle Crime Intelligence Service in the UK) and the Garda Siochana stolen vehicle unit in Ireland are aware of the trafficking of S (C) and N (D) category leisure vehicles and cars which are bought – typically these vehicles were bought online or from salvage yards in Great Britain and then sold on to unscrupulous repair shops in Ireland who used these vehicles mixed with parts from stolen vehicles and then offer them for sale through auction houses and/or online vehicle trading companies. Brexit however appears to have had a significant effect on this form of trade as this report will investigate.

In the United Kingdom, the resale of Categories S and N vehicles (C and D in Ireland), is not controlled because there is no mechanism to determine whether these recycled vehicles are repaired to a degree such that they are secure and safe to drive.

Equally there is no mechanism or available evidence to determine whether these vehicles (which are not repaired to a standard which offers safety and security to the driver and passengers) are involved in road traffic collisions and as consequence cause injury or death to the vehicle occupant. Part of the reason for this is that road traffic investigators do not necessarily have the in-depth knowledge of an automotive engineer to identify these vehicle defects.

3. Aims and Objectives

In order to determine whether the extent of potentially unsafe category S and N vehicles (C and D in Ireland) has had consequences in terms of road traffic crashes and thus injuries or deaths, given that the governments of both countries are unable to provide details of just how wide the problem might be, the objective of this study was to identify whether there was a major problem with these categories of insurance write-offs.

An important objective in this study is to identify the size of the potential problem by accessing agencies such as the Driver and Vehicle Licencing Agency (DVLA) in the United Kingdom and the Driver and Vehicle Agency (DVA) in Ireland, as well as the statistics agencies in both countries. Having access to these data offered the opportunity to determine the overall number of insurance write-offs registered and potentially in circulation. This would enable the analysis of the data to determine the potential proportion of the problem compared to the overall vehicles in circulation and those of the categories highlighted above.

Equally relevant to this study was to identify the import of vehicles from the U.K. into Ireland as there was evidence to suggest that these category vehicles were arriving into Ireland and were being sold on to unsuspecting buyers.

A major part of the study was the survey of potential victims. Previous successful surveys carried out over the years by the author of the report⁴ gave the expectation of a high volume of responses. The survey was available online from 30th June to 3rd October equal to 3 months. The survey was conducted online using survey software and distributed throughout various forums and social media to ensure a wide coverage to provide subsequent responses⁵. The purpose was to offer potential victims of these vehicles the opportunity to

⁴ <https://investigativeresearch.org/research-reports-studies/>

⁵ <https://navcis.police.uk/supporting-investigative-research/>
<https://roadsafetygb.org.uk/news/research-team-appeals-to-insurance-write-off-vehicle-owners/> -
<https://twitter.com/ReesJRF/status/1410673205870727172>

respond to specific questions for road users of mechanical vehicles including motor homes, camper vans, cars, vans, trucks and motorcycles.

This report sets out all the data and information gathered from Great Britain and Ireland with regards to S and N (C and D) category vehicles that was either made available through interviews, emails, conversations, or as a result of contacting various government agencies and private organisations for data and further information as well as datamining the internet.

The study is divided into two sections. Ireland and Great Britain, this is due to the fact that although each country as similar issues with insurance write-offs being sold on to consumers, the size of the problem is a reflection of the size of the parc (vehicles in circulation). It is important to consider that prior to the COVID pandemic, followed by Brexit, there was a significant flow of S and N (C and D) category vehicles being exported from the UK to Ireland.

Each country has a different manner in dealing with this issue and the objectives of sections 4 and 5 are to set out in particular the background in each country relating to insurance write-offs and how each country deals with these vehicles.

4. Ireland

4.1. Categories

From the Road Safety Authority (RSA) website regarding written off vehicles⁶

“Legislation was introduced under Road Traffic Act 2016 Part 2 which legally obliges insurance companies and importers to declare A and B category write-offs to the (DVCS) who will then lock down these vehicles preventing any motor tax renewal or change of ownership transactions taking place. Category C and D write-offs can be put back on the road following repair as these are considered to be financial write-offs only. Nonetheless it is important to remember that it is your legal responsibility to ensure the car you are driving is roadworthy and safe. We strongly advise anyone buying a used vehicle to have it independently inspected by a qualified mechanic and carry out a detailed history check beforehand”.

“Provided the NCT (road worthiness test agency) is notified category A and B write-offs will not be allowed to undergo a test. Category C and D write offs can be put back on the road once repaired and therefore can also be tested. It is important to remember that the NCT is not the same as a warranty. It is a check at a point in time that a vehicle meets a basic standard. It is not a detailed mechanical investigation. The vehicle cannot be dismantled during the NCT so only parts that can be seen and are accessible can be checked”.

4.2 From an article 11th May 2016 re the import of write off vehicles from the UK⁷

“Vehicle history expert CARTELL.IE reports today (11th May) on the actual numbers of written-off vehicles imported into Ireland from the United Kingdom (UK) in 2015. In a first-of-its-kind analysis – which follows-up on last night’s RTÉ Prime Time programme – Cartell reports that 10.75% of all UK imports registered in Ireland over a 6-month-period in 2015 were previously written off in the UK.

Cartell.ie examined 29,089 imports registered in Ireland in 2015 (taxed private or untaxed) and found that 10.75% of those examined were written-off in the UK. In the case of untaxed imports, vehicles which had been registered in Ireland in 2015 but were not yet taxed, that percentage shot up to 12.6%. In the case of taxed (private) imports the percentage was 10.4% written-off in the UK. Cartell.ie next examined the year of registration in the UK of each vehicle imported to examine which years were more likely to be written-off prior to importation. Cartell found that in the case of an imported 6 to 7-year-old vehicle 18.2% had been written-off in the UK. That percentage increased to 20.8% for a 7 to 8-year-old vehicle and 21.2% for an 8 to 9-year-old vehicle. In fact, a consumer stands more than a one-in-five chance of importing a written-off 7 to 12-year-old vehicles.

Cartell.ie also found UK Category B written-off vehicles are still making their way into the Irish fleet. A vehicle written-off as Category B is designated as parts salvageable only and is not meant to be on the road. During the period of research 26 vehicles were registered in Ireland after attribution of Category B status in the UK. 16 of those 26 had already been taxed in Ireland. No Category A vehicle was imported into Ireland in 2015 during the period considered by the study”.

⁶https://www.rsa.ie/Documents/VS_Information_Notes/Buying_a_used_car/FAQs%20on%20Written%20Off%20Vehicles.pdf

⁷ <https://www.cartell.ie/2016/05/written-off-uk-imports-prominent-in-ireland/>

4.3 Analysis of imported vehicles from Great Britain (GB)

One of the concerns offered as a reason for this study (Bridging the Gap) was that there was a movement of insurance write offs from GB to Ireland. This may well have been the case up to 2019 (as highlighted in the Cartell study).

Data provided from SIMI (Society of the Irish Motor Industry) and the CSO (Central Statistics Office in Ireland, indicates that in 2020 the import of all vehicles from GB (and Northern Ireland) collapsed - undoubtedly due to the COVID 19 pandemic, but also in the first and later months of 2021, the variation between 2019 is striking and suggests that the implications of customs duty and VAT (21%) because of Brexit have affected imports of vehicles from GB and it seems that this cost has made the import of write offs less attractive. See figures 1, 2, 3 and 4 below.

4.4 Imports from GB post Brexit⁸ From an article in the Irish Times Jan. 11th 2021

“Post-Brexit VAT changes between the Republic and Britain have added thousands of Euros to the cost of imported second-hand cars from England, Scotland and Wales - but not Northern Ireland. The imposition of VAT on second-hand cars coming from England, Scotland or Wales to the Republic will add more than €4,000 to the price of a car with a value of €20,000 in the Republic.

Latest figures for vehicles imported to the Republic show a growing market for foreign used cars, with a record 109,000 imported primarily from Britain in 2019. This compared to 70,000 in 2016 (see figures 1, 2, 3 and 4 below for comparisons with 2020 and 2021). In comparison, new cars registered in Ireland fell from 141,000 in 2016 to 113,000 in 2019.

Since the Brexit transition period ended on January 1st, the UK is now deemed a “third country” by the EU, meaning VAT becomes payable on second-hand goods from there. However, as Northern Ireland is still treated as being within the EU Customs Territory, under the Northern Ireland Protocol, cars imported to the Republic from the North do not have to pay additional VAT. The Society of the Irish Motor Industry said it does not expect Northern Ireland to become a “back door” for used vehicles from Great Britain transiting through the North.

(...) however, the Northern Ireland market in second-hand cars by itself would not be large enough to supply the Republic. He said second-hand cars being sold into Northern Ireland from England, Scotland or Wales will also attract a VAT charge, effectively closing the “back door”. The VAT charge is payable when importing into Northern Ireland as the North is to remain within the EU customs territory.

Cars imported to the Republic from either the North or Britain will continue to be liable for Vehicle Registration Tax (VRT), the amount of which is calculated on the age and mileage of the vehicle. UK tax authority HMRC confirmed individuals and motor dealers in Northern Ireland would have to pay VAT on second-hand cars imported from Britain. The move will also add thousands of Euros to the price of second-hand cars imported into Northern Ireland from Britain”

⁸ <https://www.irishtimes.com/news/ireland/irish-news/two-tier-system-applies-for-post-brexit-vehicle-imports-from-north-and-britain-1.4455376>

Figure 1 – Total Car imports to Ireland from Great Britain (G.B.)2019 and 2020⁹

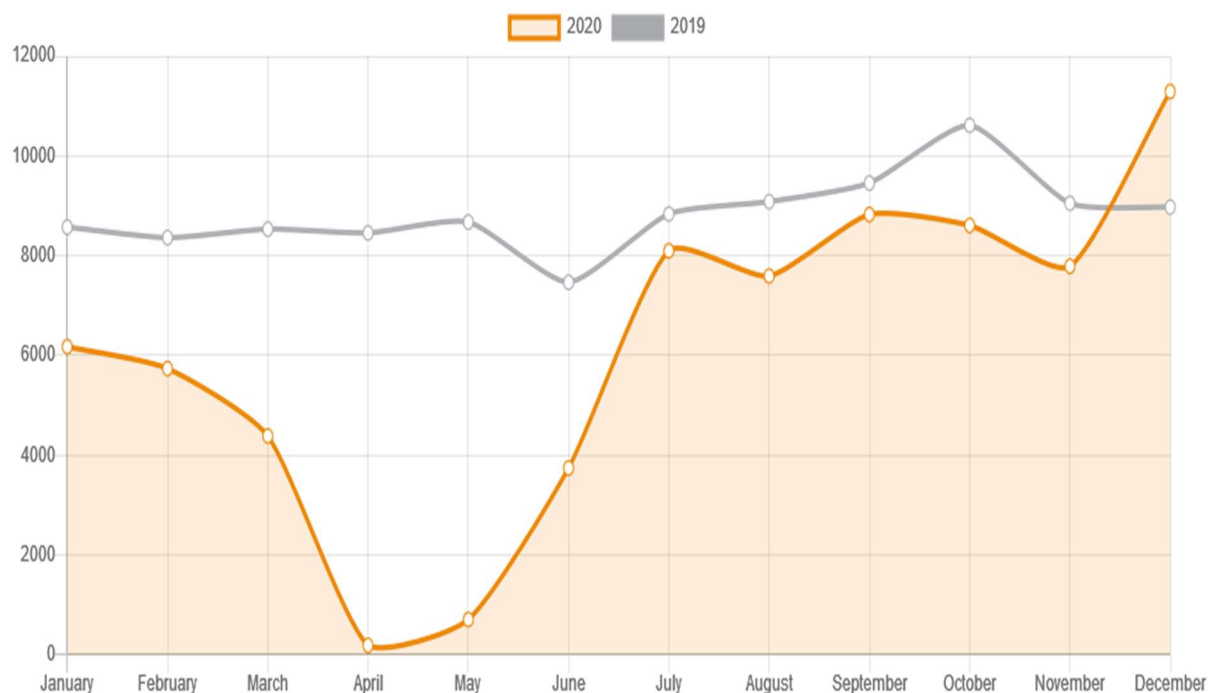
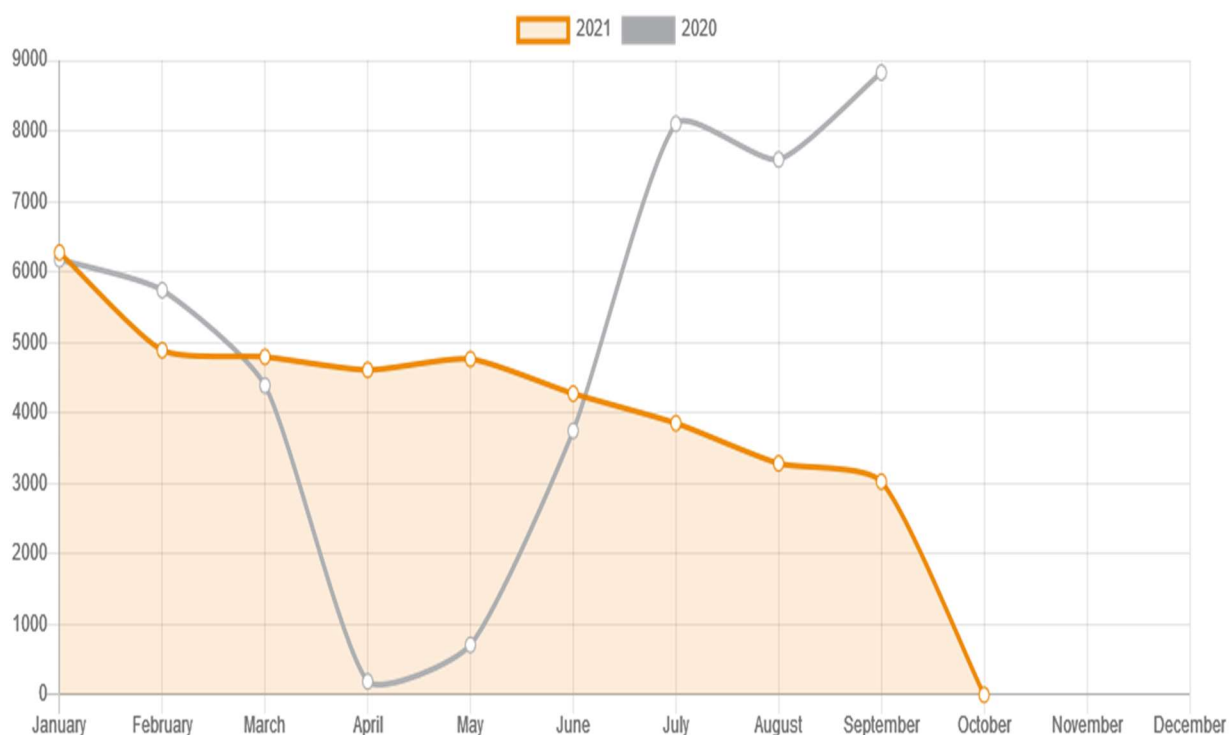


Figure 2 - Total Car imports to Ireland from G.B. 2020 and 2021



⁹ Data from Motorstats (Irish Motor Industry) <https://stats.beebpeep.ie/>

Figure 3 - A sample of Popular Cars imported into Ireland from G.B. in 2020 and 2021

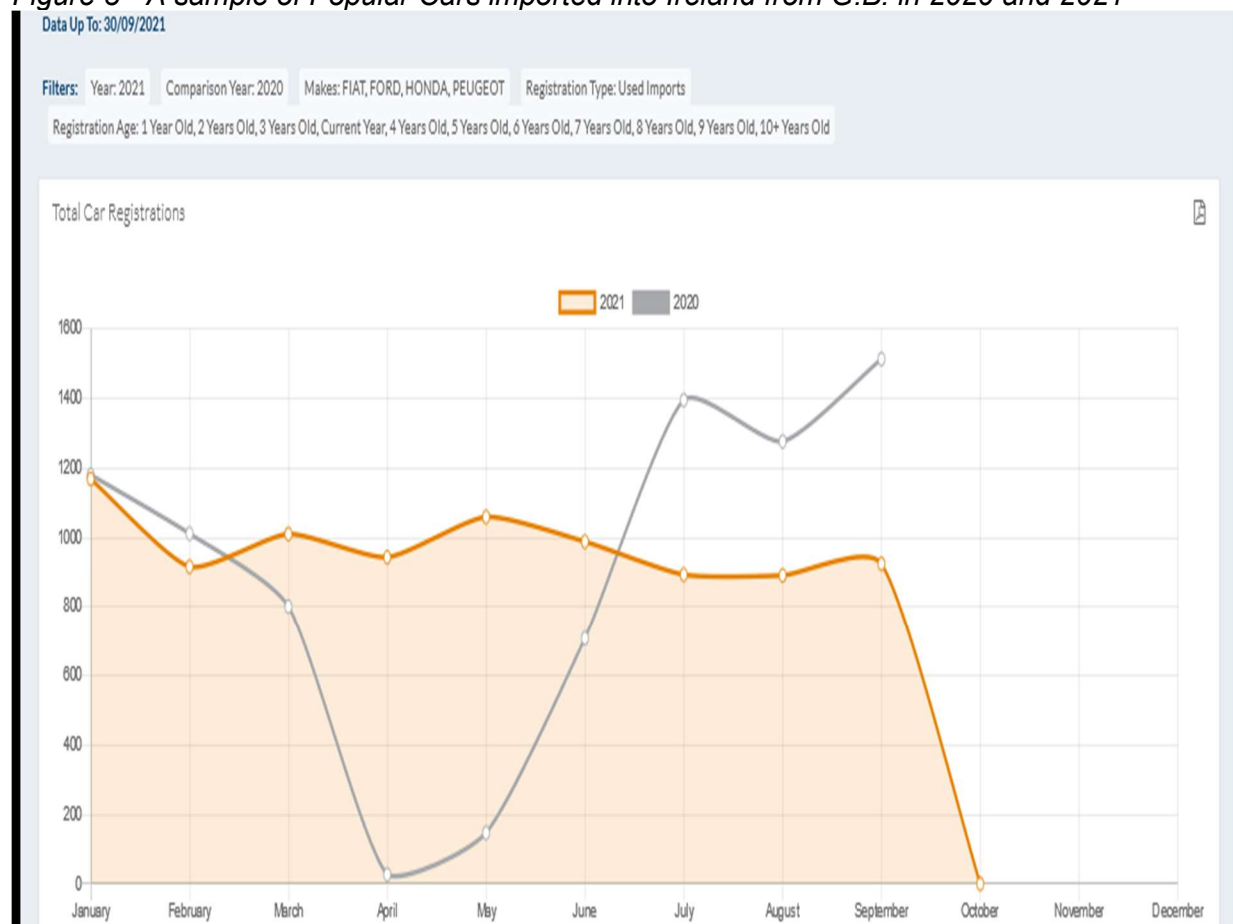


Table 1 – A sample of Popular Cars imported into Ireland from G.B. in 2020 and 2021

Total Car Registrations

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2021	1,168	916	1,010	943	1,059	988	893	891	924	0	-	-	8,792
2020	1,180	1,011	801	27	147	708	1,395	1,276	1,513	-	-	-	8,058
% Change	-1.02%	-9.40%	26.09%	3,392.59%	620.41%	39.55%	-35.99%	-30.17%	-38.93%	-	-	-	9.11%

Passenger Cars By Make

Rank	Make	2021 Units	2020 Units	% Change	2021 % Share	2020 % Share
1	FORD	4,713	4,898	-3.78%	53.61%	60.78%
2	HONDA	2,085	1,489	40.03%	23.71%	18.48%
3	PEUGEOT	1,348	1,034	30.37%	15.33%	12.83%
4	FIAT	646	637	1.41%	7.35%	7.91%

Figure 4 – A sample of Luxury Cars imported into Ireland from G.B. in 2020 and 2021

Data Up To: 30/09/2021

Filters: Year: 2021 Comparison Year: 2020 Makes: BMW, JAGUAR, LEXUS, MERCEDES-BENZ Registration Type: Used Imports
Registration Age: 1 Year Old, 2 Years Old, 3 Years Old, Current Year, 4 Years Old, 5 Years Old, 6 Years Old, 7 Years Old, 8 Years Old, 9 Years Old, 10+ Years Old

Total Car Registrations

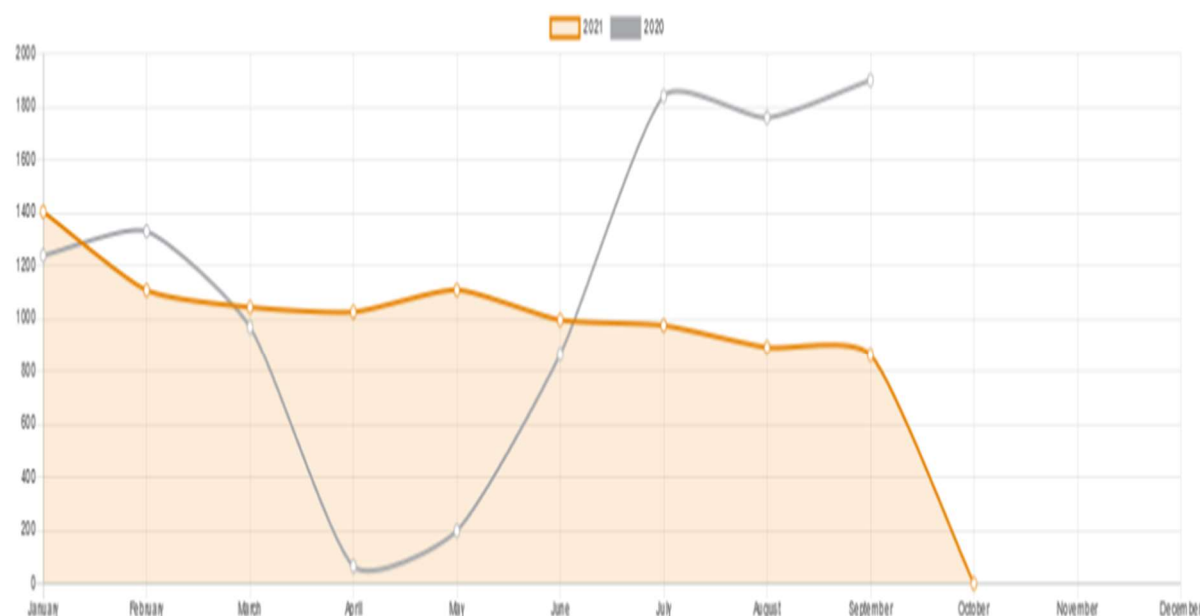


Table 2 – A sample of Luxury Cars imported into Ireland from G.B. in 2020 and 2021

Total Car Registrations

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2021	1,402	1,106	1,042	1,024	1,107	994	973	890	861	0	-	-	9,399
2020	1,237	1,328	967	65	198	863	1,838	1,757	1,898	-	-	-	10,151
% Change	13.34%	-16.72%	7.76%	1,473.38%	459.09%	15.18%	-47.06%	-49.35%	-54.64%	-	-	-	-7.41%

Passenger Cars By Make

Rank	Make	2021 Units	2020 Units	% Change	2021 % Share	2020 % Share
1	BMW	5,243	5,149	1.83%	55.78%	50.72%
2	MERCEDES-BENZ	3,134	4,032	-22.27%	33.34%	39.72%
3	LEXUS	646	557	15.98%	6.87%	5.49%
4	JAGUAR	376	413	-8.96%	4.00%	4.07%

The months of July through September comparing 2020 and 2021 when it is assumed that normal trading resumed between G.B. and Ireland, indicates significant decreases in cars imported for both popular makes and luxury makes. In comparison there appears to be a bigger decrease of luxury brands (c.50%) than popular brands (c.35%).

Table 3: C and D category vehicles reported in Ireland¹⁰

YEAR	CLAIM DESCRIPTION	TOTAL
2018	CAT C	6255
2018	CAT D	2204
2019	CAT C	5693
2019	CAT D	2146
2020	CAT C	4302
2020	CAT D	1861
2021	CAT C	1799
2021	CAT D	925

4.5 Comments from online vehicle trading company manager in Ireland

According to a manager of an online vehicle trading company in Ireland, the import of write off vehicles was considered to be a significant problem. "I receive reports from concerned users about cars advertised on our website that have been recorded a Cat C, D insurance loss and the sellers have not disclosed that information. However, the numbers reported are small - the complaints about online sale of C and D cats are only about 3 a week of which 70% are D cat. and may not reflect the scale of the problem. There's nothing wrong with the resale of these cars of course so long as they are repaired to the highest industry standard and the information is readily available to a potential buyer. To put the sale of C or D category vehicles reported as above into perspective, there were 656,000 plus vehicles posted on our site in 2021".

4.6 Comments from Paul Hanna, the Deputy Director of Criminal Enforcement at the Competition and Consumer Protection Commission, Ireland

According to the Deputy Director, "We are certainly aware of many people who have bought insurance write offs and they are unaware. Equally, when we have followed up on enquiries to people who have bought cars, which are insurance write offs, there is a general reluctance to respond to us.

We carry out inspections of rogue traders and check their sales invoices. Following this, we will write to those consumers who have bought cars from the trader, to inform them that their cars are recorded with an insurance write off category. However, frequently we get no response.

The UK market is in my opinion, more transparent about cars with insurance write off categories such as N or S. In Ireland, the legislation is currently ambiguous about the information a trader has to provide or rather not provide to a consumer.

Providing false or misleading information is an offence and therefore an advertised car which is clocked and displaying lower mileage, is an offence but advertising a crashed car and not advertising the fact it is crashed is not an offence, unless the consumer asks the trader about the car's history.

The law is changing so that an omission will be an offence. We are aware of rogue traders who write Cat C or D on an invoice but do not inform the consumer of the previous crashed

¹⁰ The statistics in table 3 indicate the number of C and D category insurance write offs in Ireland by year- 2018/2019/2020 and 2021 up to June 30th

damage. They comply with the law but in most instances, the majority of the public are unaware of what a Cat C, D or N or S means if written on an invoice.

We get many complaints from those who buy cars without seeing them, usually online, which is an increasing problem. A significant percentage of our complainants are women as well as foreign nationals, who may be working in Ireland in IT or similar profession. The rogue traders appear to be more likely to ignore them in follow up queries when they discover the cars are insurance write offs”.

4.7 Summary

As indicated previously, an analysis by the company Cartell, found that vehicles imported from the UK to Ireland in 2015. Their analysis found that in the case of an imported 6 to 7-year-old vehicle 18.2% had been written-off in the UK. That percentage increased to 20.8% for a 7 to 8-year-old vehicle and 21.2% for an 8 to 9-year-old vehicle. In fact, a consumer stands more than a one-in-five chance of importing a written-off 7 to 12-year-old vehicles.

This was of concern to automotive engineers in Ireland in particular Noel Maher previously chairman of the Irish region of the IAEA (Institute of Automotive Engineer Assessors), who regularly found these vehicles while carrying out examinations of vehicles with very poor repairs. An example given was two vehicles that had drivers side quarter panel which is structural component replaced with second hand components and not properly welded. Another vehicle still had both front chassis legs deformed substantially.

These vehicles are dangerous and according to Mr Maher, facilitate further intrusion into the vehicle in the event of a second accident and that it is very significant problem across Ireland and also in the UK. He commented “I engaged with the RSA (Road Safety Agency) Ireland, the department of transport and the IAEA to introduce legislation and put some policies in place. The RSA advised they would do so over 2 years ago and still nothing has changed. Fast forward and I had 3 examinations of written off vehicles with poor quality repairs or very dangerous repairs (NB: in April 2021). I have tried to raise concerns regarding this problem with relevant authorities”.

However, as the findings of this study indicate, the movement of written off vehicles from Great Britain to Ireland has decreased dramatically because of the COVID pandemic, followed by the restrictions and cost of importing these vehicles due to Brexit. This suggests that these write offs are no longer economically viable for rogue traders to export from Great Britain. That in itself has not stopped the circulation of C and D category vehicles. As the data in Table 3 indicate, on average there are 5,400 C category and 2000 D category vehicles recorded as write offs in Ireland each year. This demonstrates that there is still scope for unsafe vehicles to circulate on Irish roads.

5. Great Britain (excludes Northern Ireland)¹¹

5.1 Definition of categories - Association of British Insurers (ABI) code of practice¹²

5.1.1 A - Scrap

These are the most badly damaged cars around, and cannot be repaired. They can only be crushed for scrap. This vehicle is deemed not suitable to be repaired. Must be crushed without any parts being removed. The vehicle identification number and any parts of the vehicle can never be used again. The MIAFTR (Motor Insurance Anti-Fraud Theft Register) entry completed confirming the intention to destroy, ensuring the V5C is never reissued. The complete vehicle must be crushed in its entirety without any components being removed, a certificate of destruction must be issued in accordance with government guidelines.

5.1.2 B – Break

This vehicle has been inspected by an appropriately qualified person and declared unsuitable or beyond repair. The vehicle identification number/ bodyshell/ frame/ chassis of the vehicle can never be used again. The structural framework (bodyshell/ frame/ chassis) must be crushed in its entirety without any structural components being removed. The MIAFTR entry completed confirming the intention to destroy, ensuring the V5C is never reissued. The certificate of destruction must be issued in accordance with government guidelines.

5.1.3 V5 Registration Certificate

It is the responsibility of the registered keeper to notify DVLA when a vehicle is passed to an insurer/ self-insurer following the full and final settlement of a claim. Where there is no insurer involved, for example, self-insured fleets it is the vehicle owner's responsibility to comply with this requirement. Where the insurer/ self-insured takes title to the vehicle, the registered keeper may authorise the insurer/ self-insurer to act as its agent in notifying DVLA. However, the insurer/ self-insurer must notify the DVLA, using the appropriate section of the V5C, without delay. If this action is not taken, the registered keeper will still be liable for the vehicle under the Continuous Registration requirements of the Road Vehicles (Registration and Licensing) Regulations 2002 and could incur a fine. When disposing of the salvage, the remaining parts of the V5C must be securely destroyed by the disposer if in their possession.

5.1.4 S (structural damage) and N (non-structural damage)

Cars written off as a Category S case, must have a Form V23 submitted by the insurer, self-insurer or agent to DVLA as soon as the categorisation decision is made and without waiting for V5. However, it is the responsibility of the keeper to notify DVLA when a vehicle is passed to an insurer following a total loss payment.

No notifications are made to the Driver and Vehicle Licensing Agency (DVLA) or VOSA when a car is written off in a Category N situation. However, because some sellers try to pass off Category S or Category N cars as non-damaged motors by hiding their past. *If the*

¹¹ Because of the Good Friday agreement, the British government and the European Union agreed that in order for there to be open borders between the north and south of the island of Ireland, Northern Ireland would have to have border checks with Great Britain, therefore all vehicles imported into Northern Ireland would be subject to VAT and customs duties, making the import of vehicles unattractive economically.

¹² <https://www.abi.org.uk/globalassets/files/publications/public/motor/2019/code-of-practice-for-the-disposal-of-motor-vehicle-salvagenov2019.pdf>

buyer does not carry out a history check they might not be aware the car has previously been damaged and so could pay over the odds for an insurance write-off or worse still, they could be buying an un-safe vehicle.

5.2 VIC scheme

The Vehicle Identity Check (VIC) was a regulation concerning car ownership in the *United Kingdom*, which was in force between April 2003 and October 2015¹³. The VIC was introduced on 7 April 2003, and was created to prevent the illegal practice of vehicle cloning. The scheme was run jointly by the Driver and Vehicle Licensing Agency (DVLA) and the Vehicle and Operator Services Agency (VOSA). The scheme was first announced in January 2002, and was planned to come officially into force by April 2003. It was initially meant to keep track of scrapyards vehicles.^[3]

The VIC applied only to cars and was intended to ensure that the vehicle registration certificate (V5C) was *not* issued for stolen or cloned vehicles using the identity of a destroyed vehicle. When any car was written off by an insurance company as "Category C" or higher checking was required before the V5C could be issued.

Vehicles in Category D did *not* require inspection. The test, carried out by VOSA, determined whether or not a car presented was the same one that was listed against records by the DVLA. To apply for the check, the VIC1 Form had to be completed and submitted to VOSA. A car bought with *no* V5C might *also* require the VIC even if there had been no insurance claim to confirm its identity before any new V5C was issued.

From the VOSA website: "The VIC may have checked the car's accident damage but this is for identification purposes only, it does not assess the quality of the repair. The car must be repaired to a high enough standard to indicate that it is going to be put back on the road. If it is not, VOSA may refuse to conduct the VIC. If, whilst carrying out the VIC the inspector notices a serious defect which would make the car dangerous to drive, then they will issue a prohibition notice. This will mean that the car cannot be driven until it has been made roadworthy and the prohibition has been removed"¹⁴.

The VIC Scheme officially closed on 26 October 2015. Since then, the conditions for issue of a V5C are that the vehicle has obtained a MoT Test Certificate, is roadworthy and has insurance. The task force indicating its closure was completed the month prior in September 2015. Up to July 2012, an estimated 900,000 vehicles had been tested under the scheme. However, only 38 "ringers" or cloned vehicles had been successfully identified.

5.3 Comments from the British Salvage Vehicle Federation (BVSF)¹⁵

"I have to advise that the previously defined Cat C vehicles are a totally different animal to Cat S and should never been considered even similar. Cat S is a structurally damaged vehicle, deemed repairable by the insurer on the basis of it "can" and it "could" be repaired. Cat C is a vehicle that is damaged and the retail repair costs exceeds its retail market value at the time of the incident. A good example of this is that a vandalized vehicle that has panels scratched etc could be deemed a Cat C but of course is not in any way structurally damaged.

¹³ https://en.wikipedia.org/wiki/Vehicle_Identity_Check

¹⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/203716/VIC_leaflet_English_.pdf

¹⁵ email received 23rd August, 2021. Prior to 2017, in the UK, Cat. S was identified as Cat. C while Cat. N was identified as Cat. D. These therefore differ from the Irish equivalent of Categories C and D.

Regarding Cat N being equivalent to Cat D, this again is not the case. A Cat N vehicle is one which is NOT structurally damaged whereas a Cat D vehicle is one which the retail repair cost DOES NOT reach the vehicle market value, so could conceivably be structurally damaged still. There is a marked difference between the old and new categories which if associated can cause a great deal of confusion. Very few (if any) insurers still apply Cat C and D markers to their vehicles, DVLA suggest that most are now historic cases”.

5.4 Copart¹⁶, vehicle online auction site – comments from a Police Officer (NaVCIS)

Copart is a massive salvage provider in the UK, and the vehicles that are auctioned through this company appear to be either used or insurance write offs. They have significant links into most UK vehicle insurers and they also ‘retain’ Datatag to provide a VIN re-instatement service.

At NaVCIS incidents have come to light where caravans have been sold to a consumer without reinstating the original VINs – (The Datatag product is not the UK leisure industry standard RFID system for caravans / leisure vehicles. Where used then UK – European Law Enforcement are looking for the marking standard that UK caravans should have rather than this product).

While there are many other online vehicle auction houses, Copart is one of the more prominent salvage providers selling through its auctions over 400,000 vehicles per year which include insurance write-offs.

Access to Copart’s website was to examine the vehicles being auctioned and provide evidence of the sale of the categories S and N. To note that Copart has recently opened an auction site at Castledermot in Ireland.

¹⁶ Copart is one of many online vehicle auction sites in the UK. With headquarters in Dallas, Texas, Copart has more than 200 physical locations around the world, where it houses more than 10,000 acres of vehicle inventory. <https://en.wikipedia.org/wiki/Copart>

5.4.1 Screenshot from Copart online Auction website of N category cars, 9th Oct. 2021

Search Results For: N Repairable Non Structural,[2009 TO 2021],Category:USED

< Back Print

Filters Applied: No Filters Applied

Add to Watchlist

Compare

Export

Customise View

Hide Images

Text size

A

A

Sort by Postcode

Showing 1 to 20 of 35 entries

Search:

Search by Lot#,VIN#

Show

20

entries

First

Previous

1

2

Next

☐	Images	Lot #	Year	Make	Model	Item#	Location / Lane	Sale Date	Odometer	Category	Damage	Current Bid
☐	 View all Photos	51008121 ★ Watch	2010 A R	RENAULT	GRD SCENIC	123	BRISTOL A	11/10/2021 12:00 pm BST	93,066	N	MINOR DENTS/SCRATCHES	Current Bid : £100 GBP Bid Now
☐	 View all Photos	56360561 ★ Watch	2018 A R	DACI	LOGAN MCV	2022	WHITBURN B	11/10/2021 12:00 pm BST	15,929	N	MINOR DENTS/SCRATCHES	Current Bid : £2,600 GBP Bid Now
☐	 View all Photos	56932231 ★ Watch	2012 A R	VAUXHALL	CORSA SRI	4122	SANDY D	11/10/2021 12:00 pm BST	96,163	N	NORMAL WEAR	Current Bid : £325 GBP Bid Now
☐	 View all Photos	57371501 ★ Watch	2015 A R	BMW	320D BUSIN	2096	WOLVERHAMPTON B	11/10/2021 12:00 pm BST	156,176	N	NORMAL WEAR	Current Bid : £800 GBP Bid Now
☐	 View all Photos	57544691 ★ Watch	2010 A R	MAZDA	3 TS D 115	2098	SANDY B	11/10/2021 12:00 pm BST	90,950	N	MINOR DENTS/SCRATCHES	Current Bid : £250 GBP Bid Now
☐	 View all Photos	57966481 ★ Watch	2010 A R	VAUXHALL	INSIGNIA E	109	SANDY A	11/10/2021 12:00 pm BST	97,884	N	MINOR DENTS/SCRATCHES	Current Bid : £300 GBP Bid Now
☐	 View all Photos	58195261 ★ Watch	2010 A R	VAUXHALL	INSIGNIA E	2111	BRISTOL B	11/10/2021 12:00 pm BST	92,891	N	MINOR DENTS/SCRATCHES	Current Bid : £100 GBP Bid Now
☐	 View all Photos	58311301 ★ Watch	2014 A R	VAUXHALL	CORSA SXI	58	WOLVERHAMPTON A	11/10/2021 12:00 pm BST	46,459	N	MINOR DENTS/SCRATCHES	Current Bid : £200 GBP Bid Now
☐	 View all Photos	58314601 ★ Watch	2016 A R	AUDI	A1 S LINE	4026	SANDY D	11/10/2021 12:00 pm BST	38,724	N	MINOR DENTS/SCRATCHES	Current Bid : £2,700 GBP Bid Now
☐	 View all Photos	58708401 ★ Watch	2015 A R	VAUXHALL	ADAM JAM	58	BRISTOL A	11/10/2021 12:00 pm BST	30,628	N	MINOR DENTS/SCRATCHES	Current Bid : £475 GBP Bid Now Buy It Now Price : £3,700 GBP
☐	 View all Photos	59059541 ★ Watch	2010 A R	HONDA	CIVIC TYPE	88	BRISTOL A	11/10/2021 12:00 pm BST	169,086	N	MINOR DENTS/SCRATCHES	Current Bid : £125 GBP Bid Now
☐	 View all Photos	59396591 ★ Watch	2013 A R	SKODA	FABIA SCOUT	2009	WHITBURN B	11/10/2021 12:00 pm BST	78,790	N	MINOR DENTS/SCRATCHES	Current Bid : £300 GBP Bid Now
☐	 View all Photos	59399731 ★ Watch	2011 A R	VAUXHALL	ASTRA SRI	40	WHITBURN A	11/10/2021 12:00 pm BST	83,558	N	MINOR DENTS/SCRATCHES	Current Bid : £250 GBP Bid Now
☐	 View all Photos	60007241 ★ Watch	2010 A R	PEUGEOT	308 S HDI	25	WOLVERHAMPTON A	11/10/2021 12:00 pm BST	61,186	N	MINOR DENTS/SCRATCHES	Current Bid : £200 GBP Bid Now
☐	 View all Photos	58481571 ★ Watch	2010 A R	MERCEDES BENZ	E250 BLUEF	94	SANDTOFT A	12/10/2021 12:00 pm BST	104,575	N	MINOR DENTS/SCRATCHES	Current Bid : £1,000 GBP Bid Now
☐	 View all Photos	58484091 ★ Watch	2014 A R	SEAT	IBIZA FR T	0	SANDWICH -	12/10/2021 12:00 pm BST	68,146	N	MINOR DENTS/SCRATCHES	Current Bid : £0 GBP Bid Now
☐	 View all Photos	59617261 ★ Watch	2009 A R	VAUXHALL	CORSA ACTI	0	SANDWICH -	12/10/2021 12:00 pm BST	11,131	N	MINOR DENTS/SCRATCHES	Current Bid : £1,100 GBP Bid Now
☐	 View all Photos	59781561 ★ Watch	2011 A R	FIAT	500 LOUNGE	111	ROCHFORD A	12/10/2021 12:00 pm BST	81,843	N	MINOR DENTS/SCRATCHES	Current Bid : £0 GBP Bid Now
☐	 View all Photos	54910741 ★ Watch	2017 A R	FORD	GRAND C-MA	0	BRISTOL -	13/10/2021 12:00 pm BST	66,511	N	MINOR DENTS/SCRATCHES	Current Bid : £1,050 GBP Bid Now

The screenshot shows photographs of N category cars for sale from Copart's website and indicate that they mainly have minor dents and scratches

5.4.2 Screenshot from Copart online Auction website of S category cars, 8th Oct. 2021

On this particular day (8th October 2021), there were 2024 S category cars for sale. The screenshot of photos of cars highlights various types of damage: front, side or rear damage.

Search Results For: S Repairable Structural,[2009 TO 2021]

< Back Print E

Filters Applied: No Filters Applied

Add to Watchlist

Compare

Export

Customise View

Hide Images

Text size

A

A

Sort by Postcode

Showing 1 to 20 of 2,024 entries

Search:

Search by Lot#,VIN#

Show

20

entries

First

Previous

1

2

3

4

5

...

102

Next

Last

☐	Images	Lot #	Year	Make	Model	Item#	Location / Lane	Sale Date	Odometer	Category	Damage	Current Bid
☐	 View all Photos	37359160 ★ Watch	2016	VOLKSWAGEN	POLO MATCH	3058	SANDWICH C	08/10/2021 12:00 pm BST	25,578	S	FRONT END	Current Bid : £1,950 GBP Bid Now
☐	 View all Photos	39495521 ★ Watch	2017	RENAULT	CLIO DYNAM	2049	SANDTOFT B	08/10/2021 12:00 pm BST	29,253	S	FRONT END	Current Bid : £2,500 GBP Bid Now
☐	 View all Photos	40710101 ★ Watch	2012	FORD	C-MAX ZETE	2082	SANDWICH B	08/10/2021 12:00 pm BST	79,547	S	FRONT END	Current Bid : £500 GBP Bid Now
☐	 View all Photos	41467071 ★ Watch	2015	AUDI	A5 S LINE	2045	SANDTOFT B	08/10/2021 12:00 pm BST	100,931	S	SIDE	Current Bid : £3,800 GBP Bid Now
☐	 View all Photos	43023831 ★ Watch	2017	KIA	CEED 1 ISG	7	SANDWICH A	08/10/2021 12:00 pm BST	81,562	S	REAR END	Current Bid : £1,300 GBP Bid Now
☐	 View all Photos	43663851 ★ Watch	2019	FORD	FIESTA ST	4107	CHESTER D	08/10/2021 12:00 pm BST	13,140	S	FRONT END	Current Bid : £6,800 GBP Bid Now
☐	 View all Photos	44474771 ★ Watch	2016	PEUGEOT	108 ACTIVE	91	SANDWICH A	08/10/2021 12:00 pm BST	39,317	S	FRONT END	Current Bid : £725 GBP Bid Now
☐	 View all Photos	47578211 ★ Watch	2014	BMW	320D M SPO	4049	CHESTER D	08/10/2021 12:00 pm BST	59,902	S	FRONT END	Current Bid : £4,900 GBP Bid Now Buy It Now Price : £7,100 G
☐	 View all Photos	48317021 ★ Watch	2016	VOLVO	V70 BUSINE	2226	SANDWICH B	08/10/2021 12:00 pm BST		S	ALL OVER	Current Bid : £1,300 GBP Bid Now
☐	 View all Photos	48435641 ★ Watch	2019	VAUXHALL	MOKKA X AC	2029	CHESTER B	08/10/2021 12:00 pm BST	23,964	S	FRONT END	Current Bid : £1,650 GBP Bid Now
☐	 View all Photos	48476771 ★ Watch	2014	VOLKSWAGEN	SCIROCCO G	3003	SANDTOFT C	08/10/2021 12:00 pm BST	86,437	S	SIDE	Current Bid : £1,150 GBP Bid Now
☐	 View all Photos	48782351 ★ Watch	2018	BMW	420I M SPO	2082	SANDTOFT B	08/10/2021 12:00 pm BST	32,453	S	SIDE	Current Bid : £9,100 GBP Bid Now
☐	 View all Photos	49444681 ★ Watch	2012	BMW	530D M SPO	127	CHESTER A	08/10/2021 12:00 pm BST	71,886	S	REAR END	Current Bid : £6,100 GBP Bid Now
☐	 View all Photos	49623201 ★ Watch	2013	VOLKSWAGEN	MOVE UP AU	3091	CHESTER C	08/10/2021 12:00 pm BST	18,092	S	FRONT END	Current Bid : £1,400 GBP Bid Now
☐	View all Photos	49686821 ★ Watch	2017	HYUNDAI	TUCSON S B	4058	CHESTER D	08/10/2021 12:00 pm BST	25,261	S	FRONT END	Current Bid : £5,100 GBP Bid Now

Other vehicle auction houses in the UK include British Car Auctions (BCA); RAW2K; IAA; Manheim; Central Car Auctions; John Pye Auctions, Police & Government auctions etc

5.4.3 Photograph of Copart yard at Sandtoft GB¹⁷



As viewed in the photograph, a vehicle is seen to be moved around the Copart premises using a forklift truck. It has been observed that moving vehicles with a forklift truck may damage the chassis of the vehicle¹⁸ and exacerbate any damage to the vehicle which may have been purchased online by traders.

5.5 Total figures for categories S and N notified to the DVLA

The following table identifies the total number of Category S and N vehicles notified to the DVLA from MIAFTR and other sources, which are the total number of vehicles of these two categories which are written off each month in the UK and are similar to salvage sales.

Table 4

2018	CAT S	CAT N	2019	CAT S	CAT N
Jan-18	25,485	30,533	Jan-19	27,029	32,013
Feb-18	21,817	26,919	Feb-19	24,092	28,602
Mar-18	23,834	29,179	Mar-19	23,665	28,816
Apr-18	19,309	24,811	Apr-19	20,843	24,633
May-18	21,309	25,760	May-19	21,695	25,452
Jun-18	19,693	25,205	Jun-19	20,265	24,655
Jul-18	21,238	26,204	Jul-19	23,215	27,429
Aug-18	20,143	24,831	Aug-19	20,654	24,418
Sep-18	19,003	23,237	Sep-19	21,726	24,709
Oct-18	23,488	28,664	Oct-19	23,939	28,453
Nov-18	24,625	28,593	Nov-19	24,552	28,089
Dec-18	20,927	24,720	Dec-19	24,095	27,424
Total 2018	260,871	318,656	Total 2019	275,770	324,693

¹⁷ <https://www.facebook.com/groups/425415795218941/posts/544292873331232>

¹⁸ https://www.facebook.com/groups/425415795218941/?multi_permaLinks=552763739150812

Table 4 cont.

2020	CAT S	CAT N	2021	CAT S	CAT N
Jan-20	26,901	29,868	Jan-21	18,086	21,380
Feb-20	24,217	28,262	Feb-21	16,273	19,665
Mar-20	24,234	30,219	Mar-21	16,161	18,950
Apr-20	10,725	13,416	Apr-21	14,248	17,074
May-20	11,852	14,125	May-21	15,847	18,653
Jun-20	13,043	15,496	Jun-21	17,442	20,347
Jul-20	15,560	18,097	Jul-21	17,019	20,566
Aug-20	15,106	17,870	-	-	-
Sep-20	16,758	19,892	-	-	-
Oct-20	17,952	21,082	-	-	-
Nov-20	16,684	19,840	-	-	-
Dec-20	16,609	18,804	-	-	-
Total 2020	209,641	246,971	Sub-total 2021	115,076	136,635

5.6 Cloned vehicles

5.6.1 Autotrader

A representative of Autotrader was asked about the sale of S and N category vehicles and whether there are incidences of buyers reporting undeclared write offs as well as the potential of cloning these vehicles.

He replied: "We do track reports of clones and they are relatively low volume, on average in the last 12 months we've seen 1 victim per month across all channels (someone who has unknowingly bought a clone). We've only removed 3 motorhome adverts as possible clones in the last 12 months.

It is significantly more common for adverts to be reported to us for undeclared write off markers, >100 reports per month is not unusual however it is not always possible to corroborate these, we do get a lot of false positives. Those cases where somebody is left with a write off that hadn't been recorded (by Experian/MIAFTR) at the point they purchased it or it was deliberately not declared by the seller do crop up but are not numerous, 1-2 per month. (Overall, Autotrader deals with 485,000 live car stock on average per month¹⁹).

We have seen examples of dealers who have sold cars that they genuinely did not know were clones and end up being the ones out of pocket when they have to refund the consumer. We have looked into improving the advice we provide to dealers and consumers on how to spot a clone (waiting on some videos to go on the site to show how to check VIN against docs etc)".

5.6.2 NaVCIS

A representative from NaVCIS was asked about the sale of S and N vehicles and the potential for criminal activity. He replied: "Whilst the insurer's benefit from the sales of salvage is significant, I can't see why they – or those they work with, would want to harm that income stream.

¹⁹ <https://plc.autotrader.co.uk/media/2269/aut-ar2021-web.pdf>

Whilst there may be an 'interest' for Police / Insurers/ DVLA I don't think they see it as a priority – these matters only come to national attention when a significant incident occurs and the questions are asked as to why nothing has been done! I would also suggest that registration authorities are very aware of these issues, as are the insurers, but once again it comes down to their priorities. It is very apparent that there is little due diligence afforded in current processes that are in place and the impact is still on the consumer as a victim of the current processes. If anything, the biggest 'gain' is – I would suggest – criminality – who see this as an opportunity to benefit from the lack of interest of these agencies!

On motorhomes: The issues with 'rebuilt' normally relate to the 'quality' of the connection between the cab/unit and the habitable section. The original cab section is cut out. This is replaced by a 'donor' cab where it is often the case that the rear panel of the original 'van' has just been cut out – reducing the integrity of the cab structure (a significant issue if there was to be a side impact collision) then, where the chassis 'bolts' together, the alignment is often not correct, leaving a risk of the finished vehicle being 'out of alignment'. The various electrical cables / brake pipes / gas pipes are then 'fitted' – often due to the different routing these are not secured to the base of the vehicle – they are 'taped' or nylon tied into place. Clearly all of these issues can result in a risk of danger to user / other road users".

5.6.3 West Midlands Police

A police officer from the West Midlands police explained: "The salvage classification as operated in the UK at present is really unfit for purpose, and despite local, and national Political figures promising action, that's what it remains, a promise.

The system of reselling damaged vehicles is a main contributor in my personal opinion, to the trade emanating from so called Chop Shops where so called 'repaired' vehicles are sold to the unsuspecting public, many in a very poor state, held together with inadequate welding, and a lot of body filler. I'm afraid however that I see our whole registration system as flawed, and allows such vehicles to be easily returned to the road.

The VIC system never really delved into whether the car was safe or not. Just if the ID looked ok, this should have been an opportunity to filter cars out for safety reasons, but wasn't although it was better than nothing at all.

We have just crushed a BMW which was essentially 3, possibly 4 stolen cars welded together, I have another vehicle going through examination where a 3ft section of the salvage car's chassis rail containing the VIN has been welded into the chassis of a stolen one.

Offenders will often have trade accounts to buy N and S salvage, which fits the profile of an available stolen one. Some salvage isn't even recorded on the register, so that's even better for them".

5.7 Money Laundering

Another factor to consider is the possibility of criminals to launder money through online auction houses. Although with the COVID restrictions, handing over cash appears to no longer be possible in certain auction houses, it is an area of concern and one that needs further investigation and clarification in consideration that the COVID restrictions are now easing as to whether this practice will re-commence.

5.7.1 Automotive Engineer

An automotive engineer was contacted by NaVCIS regarding the sale of S and N category vehicles. He explained that “The issue with salvage is running far deeper than the arena of the questionnaire. In regards of some background, when this was originally set up, the salvage code was planned to be set as an SI (Statutory Instrument) via government. Personally, I do not think that it should be in its current format, as it is not fully fit for purpose.

Likewise, the code when written, was also required to include a full inspection before going back on the road. This was blocked by the government as it was deemed to be too much bureaucracy and they were trying to remove the bureaucracy. If you can understand the way salvage works very few if ever would pass an inspection on structural cases. Then we have the ringing world as the inspections can't be conducted by the likes of an MOT tester as they would not find the ringers or clones.

The code was written by the ETC/ETS (Expert Technical Committee) members at Thatcham for the ABI. It pains me to say, that they were all from insurers and the debate went on for some time, due to the potential financial impact upon the various insurers on the panel.

The AQP (Advanced Qualification Programme) qualification has no audit or redress for the salvage categorisation. The reason is in a nut shell, who funds it.

There is a myriad of issues not addressed that can be applied to stop or reduced not only the monetary losses of people but eradicate the criminality that is producing the issues from a "good spirited" principle and process. However, they are driving the money laundering element”.

5.8 Automotive Dispute Resolution Expert²⁰

According to the director of an automotive dispute resolution company in Scotland, “undisclosed write-offs have been a nightmare scenario for the motor trade since cars were invented, but now with a perceived legitimacy over 'green parts' and recycling, many unscrupulous traders are taking advantage of the loopholes and returning badly damaged cars to the road, often under-repaired and unsafe.

Worse still, they are not telling consumers about the hidden past, and that is against the law. Often viewed as a victimless crime, it is not, and usually the consumer is left with a rotting pile of scrap on their driveway, often while still making costly monthly instalments”.

5.9 Excerpt from an article by the President of the Institute of Automotive Engineer Assessors (IAEA)²¹

“(…) From the consumer's first notification of loss, through the claims handling and engineering process, transparency with a clear paper trail is in existence. During the total loss process, again, transparency and clarity of process exist. The salvage agent can also provide documentation of the sale and auction process.

However, once the buyer collects the salvaged vehicle from the salvage agent, the vehicle's onward journey loses its audit trail and falls off the radar with the trail going cold.

²⁰ www.rejectmycar.com comments from LinkedIn page

²¹ <https://atfpro.co.uk/salvage-at-what-cost/>

Whilst we know that category A and B vehicles should be crushed once any usable parts have been removed; in the case of a category B vehicle and V5C, these should never be reissued by the DVLA, and in the case of category S and not so much category N vehicle, any onward repair has no recognised audit trail and providence.

The purchased category S vehicles are without a doubt a potential area of concern, with the financial implications of the purchaser paying significant sums to secure the vehicle on online auctions and undoubtedly wishing to make money on the onward sale and investing in its total purchase and repair costs at a sum considerably below its market value and to return a profit on any investment.

If not, the purchase of such a salvage endeavour would not be economical or financially viable. Once the auction price and bid have been successful, ultimately, the investment in the vehicle's repair will be kept to an absolute minimum to secure the level of profit.

It is futile to believe that such a case will be repaired via a BSI 10125 accredited repair centre, as it is likely that the vehicle had already been estimated by a kitemark repair centre by the insurer's network repairer and the correct and safe repair specification had already been prepared by an ATA VDA Engineer (Vehicle Damage Assessor) therefore the vehicle was deemed beyond economical repair.

Such repairs will predominantly find their way to smaller repair centres that do not have the necessary criteria to qualify for the BSI Kitemark status and are possibly in a position not to have adequate investment in the necessary equipment to execute a safe and appropriate repair, such as a body alignment jig, suitable welding equipment for modern vehicle materials and construction architecture.

These types of repairs are more suitable to light external cosmetic crash damage repairs than the structural damage market that a category S vehicle falls into.

Recently, I was asked to inspect a previous total loss vehicle that had a current MOT following its reinstatement to the road, and was being used as a licenced PCO private hire taxi. As part of my examination, I placed the vehicle on a ramp to facilitate an inspection of the undercarriage of the vehicle. I was absolutely horrified and shocked to see that body filler had been wiped into a deep crease in the crumple zone as part of the alleged repair process from my inspection of the right-hand side front chassis member.

However, the person who had performed this operation had not even attempted to disguise such a practice. The original manufacturer's paint hadn't even been scuffed out, so the filler couldn't even have a key, and the filler hadn't even been rubbed down.

The owner was advised that the vehicle was not roadworthy, and a new chassis member was required with the necessary repairs requiring to be carried out using the manufacturer's methods and the use of a body alignment jig. This was a clear example that no regulation or legislation exists to protect the public from such poorly repaired vehicles being returned to the road and ultimately being potential death traps in certain cases.

It is delusional to believe that the structurally damaged component on a category S vehicle, once sold on via the salvage agent's online auction will be replaced. However, I'm sure there are exceptions, and I would like to believe that in some cases, the correct methods are adopted, and of course, I can only speak from my own experience. However, with such intrusive repairs and significant costs implications, together with the absence and ability to use the green parts option for the use of structural weld on integral components, the repair method of structurally damage component panels will be taken predominantly for the cost implication alone.

The fact that the integrity and providence of repaired salvage category S vehicles being reinstated and returned to the road cannot be verified must be an area of concern to both the consumer public and the insurance industry. Whilst the V5C records that the vehicle has incurred previous structural damage, the repair process has no form of endorsement of its quality and safety.

The risk of the category A and B vehicles returning to the road has been addressed, but audit and transparency of the repair process of category S and N vehicle following the sale by the salvage agents is left in the abyss. In an attempt to eliminate and mitigate this position, I see two possible options to achieve some form of regulation and control:

1. To lobby the central government to put in place a mandatory examination before the release of a new V5C vehicle registration document following the repair of a previous ABI category S or N total loss recorded vehicle. A comprehensive examination to be performed by a suitable qualified technical engineer such as an IAEA member, using a VOSA and industry-standard examination formula and procedure.
2. Another opinion would be to remove the ABI salvage category of S, placing any structurally damaged vehicle into a B category and enhancing the potential use of the green parts options and greater accessibility, and ultimately transforming potential uneconomical vehicles into repairable propositions for the insurer. Again, once all reclaimed components parts have been removed from the vehicle, the residual shell or frame would have its identification removed, and the shell crushed accordingly. Any loss of revenue to the insurers being offset by the potential return of green parts sales.”

5.10 Summary

On average each year over half a million S and N category vehicles are registered with the DVLA from MIAFTR and other sources in the UK. In the case of S category, these vehicles are flagged by the DVLA as such with a V23 form. However, as this research has highlighted, it does not prevent these vehicles from returning to the road in an unsafe condition. The fact there is no secure mechanism to prevent this from happening is highlighted throughout this section and in the previous section on Ireland.

From the information provided, the sale of those vehicles through online traders such as Autotrader (see item 5.6.1) which are considered unsafe are limited in number, while undeclared write off markers, >100 reports per month is not unusual, many are considered false positive cases. Those cases where somebody actually purchased a vehicle that was deliberately not declared by the seller are not numerous, 1-2 per month. These latter figures are similar to the findings of the online auto trader in Ireland in item 4.5

Sites such as Autotrader are controlled to ensure that the vehicles sold are in fact legitimate, traceable and safe. However, there are other sites for example “Marketplace” which is a part of Facebook where any dealer, trader, private person including criminals are able to sell vehicles with no controls as to their origin at all. This online company has proven to be unreliable and in fact unable to control what is sold through their site, as indicated by a recent parliamentary inquiry.

As highlighted by the comments of various experts in this section, it would appear that the unsafe vehicles are returning to public roads via unscrupulous auction houses and traders. Further to the selling of unsafe vehicles, is the possibility of using auction houses to launder money, while rogue traders can and do sell cloned vehicles online. In consideration of the fact that there are on average 250,000 S category S vehicles recorded by the DVLA

annually, then it would be reasonable to assume that a significant proportion are returning to public roads, but what is not clear is their condition.

Consider also that the inspections for S category (in-depth intrusive examinations of structural conditions and the identification of cloned vehicles) cannot be conducted by an MOT tester. This suggests that the checks and balances to identify these vehicles is inadequate.

It is at this point, important to distinguish the difference between the categories S and N (C and D in Ireland). The former has structural damage and therefore is by its very nature, may be unsafe to circulate on public roads. The latter category is typically considered to have light damage (which may include airbags or electronics) but the damage is not considered to be "unsafe" as indicated with category S (C).

6. Conclusions and Recommendations

Based on the level of S and N category vehicles indicated by the DVLA (UK) in table 4 and C and D category vehicles in Ireland as highlighted in table 3 which are circulating in both countries, there is significant scope for these write offs to return to the respective roads of the UK and Ireland. In particular, in the case of S category (C in Ireland) as this report suggests, there is no real obstacle to prevent unsafe vehicles from circulating.

With regards the poor response from the survey which may have provided useful information from consumers about their experiences, a possible reason for this is that the "victims" are afraid of admitting they bought a "lemon" because of the possibility that their insurers will not pay up (and in some cases, because they are obliged to pay out monthly instalments to finance houses). This was confirmed by a specialist police officer who also suggested that because of the fear that the insurers would not pay out and because of potential financial obligations, the vehicle may be sold on again (without owning up to the damage) to somebody else. Whether this is a major factor, is unclear, however, as seen in Ireland where the Competition Commission wrote to potential victims, very few replied.

It appears to be a vicious circle, because the insurers sell these vehicles to - for example, online auction houses that then sell them on to the "trade" and those of this sector who are "rogue traders" then sell them to consumers who believe that these vehicles are roadworthy.

The President of the IAEA suggests a possibility of controlling these unsafe vehicles through a more profound examination of the road worthiness test – MoT (or NCT in Ireland). While this may reduce the volume of these category S (C in Ireland) unsafe vehicles, another issue is that all this would inevitably make cost of the MoT/NCT prohibitive, not least because it would require the expertise (and therefore training) of the tester to remove and refit any part in a safe and proper manner.

Governments both in the UK and Ireland seem to be reluctant to change the status quo with regards the insurance industry, so the only logical solution appears to be point two of the President of the IAEA's options regarding regulation and control which is for category S to be amalgamated with category B and be broken up for parts. It is a solution that would continue to benefit the insurance industry as the parts of these S category vehicles can continue to be sold. As he comments – "any loss could be offset by the potential return of green parts sales" and given the present administration's determination to be seen to look and be green, this could only be a win-win solution, but the most important factor is that by doing so, it would make our roads safer.

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In memory of David Ryan, well known and highly respected in the fight against criminality, in particular vehicle crime – I think that he would have wholeheartedly approved and supported this study.