

Salvage Total Loss FAQs

A Contract Hire guide from Alphabet



We have collated a number of frequently asked questions to help guide you through everything you need to know in the event that your vehicle is deemed a total loss.

How is my Total Loss settlement figure calculated?

The settlement is calculated on the vehicles value based on the date of loss, excluding a fair & reasonable salvage value. If applicable, there may also be an Early Termination charge.

This fee will be invoiced to your Alphabet account once we have received payment from your insurance company.

Please note: the Total Loss Settlement will be calculated on the date of notification to Alphabet and not the date of the incident. It is important to inform Alphabet immediately if you have been involved in an accident.

We will supply a settlement figure to close your contract. Your settlement offer will not include any outstanding invoices, which have been invoiced to you prior to the date the incident was first notified to Alphabet.

What information does Alphabet need in order to provide a settlement figure?

- Engineers Report or Estimate, including photos
- Salvage Category
- Date of incident
- Summary of incident
- Mileage at time of incident
- Insurance company's claim reference number
- Policy Excess amount
- Vehicle location

How does the Total Loss process work?

When Alphabet are notified of the incident and we have all of the information required, we will refer the vehicle case to our representatives, Clifford James Consultancy. Clifford James will act on our behalf from this point and will liaise with your insurance company to discuss settlement and arrange the next steps.

Once the settlement figure has been paid, in full either by you or the insurance company, we will terminate your agreement, remove our finance marker and release the V5 to the applicable party.

Will I get any of the monthly rentals back?

Alphabet will stop any further regular rental invoices billing to your account upon confirmation of the total loss. We will credit back any overpaid rentals which have been billed to you after the date the incident was notified to Alphabet. The settlement amount will not change.

In the event that the vehicle is repaired and returned to you, your agreement will continue as per your contractual terms.



Why have I been charged a shortfall?

If your insurance company has not settled the full settlement amount, you will be liable to pay any shortfall. Prior to Alphabet processing the payment, we will contact you to allow you the opportunity to discuss this with your insurance company.

Your insurance policy excess may be deducted from the payment your insurance company send. If this happens, Alphabet will invoice this to you and you will receive a shortfall invoice accordingly. Payment for the shortfall invoice, including any applicable early termination fee will be taken in line with your normal payment method and term.

Why is there no VAT element included in my settlement/shortfall?

When a contract hire vehicle is a total loss, the settlement often excludes VAT because the insurer pays the net (VAT-exclusive) market value, and the leasing company's settlement figure is based on this. With VAT adjustments handled separately through credit notes or invoices, as the leasing company is the vehicle's owner and handles the VAT on disposal; the initial rentals and monthly payments already factored in VAT, but the final settlement reflects the vehicle's net depreciated value for business recovery.

Does Alphabet deal with salvaging the vehicle?

Alphabet will manage salvage for all Category B, S and N vehicles.

Alphabet will deduct the salvage amount expected for that vehicle from our required settlement amount.

If your vehicle is a Category A, then your insurance company will need to arrange the disposal of the vehicle.

Who will collect my vehicle for salvaging?

Alphabet will appoint our third party supplier to collect the vehicle and safely dispose of it on our behalf. In order to ensure your claim is closed as soon as possible, please ensure that your insurance company release the vehicle free from any charges, for example roadside recovery and storage costs.

What are the Salvage Categories?

- Category A - Scrap only
- Category B – Vehicle should be broken and parts recycled
- Category S (formerly Category C) - Structurally damaged but repairable
- Category N (formerly Category D) - Not structurally damaged, repairable

How do you work out the salvage amount?

The salvage value is determined by the vehicle's Salvage Category and the Pre Accident Value (PAV) of the vehicle. The salvage value is generated using industry standard valuation guides and is based on current market data.



Have another question?

Contact our team on **0370 0120 301, Option 9**

Or email us at **total.loss@alphabet.co.uk**

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