

The complaint

Mr W complains about Caravan Guard Limited (“CGL”) and their insured value of his motorhome.

What happened

Mr W’s motorhome was stolen from their home address while he was on holiday, so he made a successful claim on his insurance policy with Insurer R. But he was made aware by Insurer R that CGL had undervalued his motorhome when selling the insurance policy, meaning the maximum amount he could receive was £4,000 - £5,000 less than the actual value.

Mr W was unhappy with this, so he raised a complaint with CGL. He didn’t think it was fair for CGL to undervalue his motorhome. The motorhome had been insured for a value of £25,000 and this was the maximum amount he could receive. Yet, the market value of his motorhome was worth £29,000 - £30,000. He also didn’t think it was fair that the motorhome could’ve been insured for £40,000 but he’d still only receive the market value. Because of this, he thought CGL should pay him the difference between the insured value and market value of his motorhome.

CGL didn’t agree. They explained the insurance policy was sold and renewed on a non-advised basis, meaning they couldn’t advise Mr W on how much he should insure his motorhome for. But they explained they do offer to check valuation websites where possible. In this situation, they were unable to find Mr W’s motorhome to obtain a valuation. So, they agreed to insure Mr W’s motorhome for the amount Mr W himself suggested, which was £25,000. They thought the terms of the policy made it clear this would be the maximum amount he could receive. So, they didn’t think they’d done anything wrong and didn’t offer anything further. Mr W remained unhappy, so he referred his complaint to us.

Our investigator looked into the complaint and didn’t uphold it. She listened to the call recordings of the renewals in 2018 and 2019 and thought Mr W himself valued the motorhome at £25,000. As this was a non-advised sale, she didn’t think CGL did anything wrong by following Mr W’s instructions. And she didn’t think they’d acted unreasonably when not being able to find an online valuation as she explained insurer R had in house engineers that CGL didn’t. So, she thought CGL had acted fairly and didn’t need to do anything further.

Mr W didn’t agree. He referred back to previous policies he held with CGL that valued his motorhome higher and wanted this considered. He maintained he didn’t think CGL had acted fairly when agreeing the valuation for the insurance. Our investigator responded explaining Mr W’s complaint didn’t refer to these previous policies and so CGL hadn’t had a chance to review them. So, she explained we weren’t able to consider this as part of the complaint as so her view didn’t change. Mr W remained unhappy, so the complaint has been passed to me for a 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.

Having done so, I'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this has had on Mr W. It's not in dispute that Mr W has received a payment that is less than the market value of his motorhome. So, this has impacted him financially as he's been unable to replace it for a motorhome of a similar standard. I can appreciate how upsetting and frustrating this has been for Mr W, and why he feels unfairly treated. But for me to agree CGL have done something wrong, I'd need to see that they failed to take reasonable steps available to them when calculating the correct insured valuation for Mr W's motorhome. Or that they decided on an insured valuation without Mr W's agreement. And in this situation, I don't think that's the case.

I've listened to the calls between Mr W and CGL when he came to renew his motorhome insurance. I think CGL took reasonable steps to obtain an independent valuation as each handler took the registration and details of the motor home in order to search the online platform's they had available. And I think it's most likely that, due to the make and model of Mr W's motorhome, they were unable to obtain one. So, I don't think it would be fair for me to say that CGL didn't take reasonable steps to assist Mr W in valuing his motorhome for the purposes of the insurance.

But I'm aware Mr W is unhappy insurer R was able to produce a more accurate valuation. I think it's important to note CGL were the broker in this process, not the insurer. So, their involvement was limited to the sale of the policy, not the processing of claims. As insurer R processed claims, they would need to have the ability to accurately value vehicles for the purposes of any claim that's been made. So, I think CGL's explanation regarding insurer R's access to in-house engineers and other methods is a reasonable one to explain why insurer R could value the motorhome more accurately. So, I don't think insurer's R's ability to value Mr W's motorhome is a reflection on the service CGL provided.

I've then considered whether CGL made Mr W reasonably aware of the insured valuation of the motorhome. And that this would be the maximum amount he'd be able to receive.

In both calls, as CGL were struggling to obtain a valuation, Mr W suggested a valuation of £25,000. On both calls, CGL confirmed with Mr W that he was happy to insure the motorhome for this amount and on both occasions Mr W agreed that he was. If Mr W was unhappy with this amount, and thought the motorhome had been undervalued, I would've expected him to raise it at this point. But I can't see that he did. And as CGL were operating on a non-advised basis, I wouldn't expect them to guide Mr W to increasing the valuation if he was happy with it. So, I can't say CGL did anything wrong.

Also, in the renewal call in 2019, CGL confirmed with Mr W that the £25,000 would be the maximum amount he would receive. And Mr W confirmed he understood and was okay with this. Mr W was also sent policy schedules documenting the renewals, which documented the value insured as "up to £25,000". I think this makes it reasonably clear to Mr W that this would be the maximum amount he would receive.

And, the terms and conditions of Mr W's insurance policy state:

"Market Value

The cost of replacing Your motorhome with one of the same make, model, specification, mileage and age, in the same condition as your motorhome was immediately before the loss or damage. The maximum we will pay is the sum insured stated on your Schedule.'

So, I think Mr W agreed to the insured value of £25,000. And I think he was made reasonably aware this was the maximum amount he'd receive if he made a claim. So, I think CGL acted both fairly and reasonably, and I can't say Mr W receiving a payment less than the market value of his motorhome was because of anything CGL did wrong. Because of this, I don't think they need to anything further.

That's not to say I don't understand Mr W's frustration about receiving less than the market value for his motor home. I want to re-assure him I considered his comments about the market value and the definition within the policy. And I agree if he'd insured his motor home for more than the market value, the market value is all that he would've received. But the policy terms and conditions and policy schedule make it clear that the sum insured is the maximum amount that can be paid. And that the policy is designed to provide a customer with the market value, if that falls within the sum insured. In this case, Mr W agreed to the £25,000 insurance valuation and the premiums he paid took this maximum payment into consideration. So, although I do appreciate how this feels unfair, I don't think this shows CGL to have acted fairly or unreasonably.

My final decision

For the reasons outlined above, I don't uphold Mr W's complaint about Caravan Guard Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 November 2020.

Josh Haskey
Ombudsman