

## **The complaint**

Mr B made a claim under his car insurance policy. He's unhappy with the offer provided by U K Insurance Limited (UKI) as the market value of the car.

## **What happened**

Mr B has a fully comprehensive motor policy with UKI. He was involved in a car accident and submitted a claim under the policy.

UKI decided to replace the car. It was valued at £13,175 and the claim was settled for £12,920 (with the excess deducted). Mr B is unhappy with this amount and believes his car was worth £17,000 – he disputes how UKI has reached this figure.

Mr B complained to UKI and it sent its final response in March 2020. UKI confirmed that additional information Mr B sent to it was also considered. As a result, the valuation had increased from £12,920 to £13,175 (less any applicable excess). UKI confirmed that payment would be sent to Mr B. UKI also said the valuation was based on industry recognised guidelines and it has done what's required in line with the policy terms and conditions.

Unhappy with UKI's response, Mr B brought the complaint to this service. Our investigator looked into the complaint and said she thought the offer was fair and reasonable in the circumstances.

Mr B said he compared the market values of the car on retail sites which showed his car would've been worth around £17,000. He asked for the complaint to be referred to an ombudsman. So it's been passed to me.

## **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.

The key issues I need to decide here is whether RSA has offered a fair and reasonable market value of the car and whether it's in line with the terms and conditions of the policy.

I confirm the role of this service isn't to value cars. But we do check to make sure that insurers have acted fairly and reasonably in doing so. I've considered the information and the relevant trade guides that produced results for Mr B's car. Having done so, I'm satisfied UKI's offer was fair.

Mr B's policy says:

*"If your car is damaged, we have the option to:*

- *Pay to repair the damage or repair the damage ourselves;*
- *Replace what is lost or damaged, if this is more cost-effective than repairing it; or*
- *Settle your claim by sending you a cheque or by bank transfer.*

***The most we will pay***

*We will not pay more than the market value of your car at the time of the loss (less any excess that may apply)."*

Mr B's said that the trade guides don't offer a comparable valuation and as such he's finding it difficult to purchase another car that's similar for the amount that UKI has offered. I appreciate his comments and understand it's been difficult to find another similar car. But, I've reviewed the valuations on the trade guides and we'd expect UKI to use those too to reach a fair market value. These showed three separate valuations based on the mileage, year of registration and the condition of the car. The lowest was £12,920 and the highest of the three was £13,858. UKI has to ensure the value offered falls within the range and having looked at these the offer of £13,175 does fall within this. I acknowledge the amount settled was at the lower end of the three valuations as the average of all three valuations was £13,409. I still considered whether the difference was significant. However, while there is a difference of £234, I'm not persuaded this is significant enough against the overall value of the car.

Adverts tend to be less reliable as they are a starting point as to what a seller believes the car is worth. So they tend to vary widely and they also tend to be a starting point to negotiate a lower price. Adverts show a large range in prices which is why we generally don't find adverts a very persuasive way to value a vehicle. Trade guides are a more accurate reflection of vehicle selling prices.

I'm not persuaded in the circumstances of this complaint the valuation used by UKI from the trade guide is unfair or unreasonable.

Overall, having weighed everything up, I'm satisfied that UKI reviewed the available trade guide in line with our approach, to establish a market value. Its offer of £13,175 is a fair market value based on the condition and details of the car. UKI doesn't need to do anything further.

**My final decision**

For the reasons given above, I don't uphold Mr B's complaint U K Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 October 2020.

Nimisha Radia  
**Ombudsman**