

The complaint

Mr E has complained about the final settlement offer Southern Rock Insurance Company paid him after he made a claim on his commercial vehicle insurance policy after his van was stolen. Reference to Southern Rock includes its agents.

What happened

Mr E holds a commercial vehicle policy with Southern Rock. After his van was stolen he made a claim to Southern Rock which it accepted and paid him £11,130 – minus the policy excess.

Mr E didn't think the amount Southern Rock offered him was fair and complained to Southern Rock. He said he couldn't replace the van for that amount of money.

Southern Rock didn't change its offer. It said the most it would pay was the market value of his van. And it thought its offer was a fair representation of the market value of his van.

Mr E brought his complaint to us and one of our investigators looked into it and didn't think it should be upheld. He thought Southern Rock's offer of £11,130 – minus the policy excess – was a fair offer based on what the trade guides valued Mr E's van at.

Mr E disagreed and asked for an ombudsman's decision, and so the case has 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.

Having done so, I'm not upholding Mr E's complaint. I understand this won't be the answer he was hoping for. I'll explain my reasoning below.

Mr E's policy says the most Southern Rock will pay on any claim is the market value of his van. It defines market value as '*The cost of replacing Your Vehicle in the United Kingdom with one of a similar type and condition*'.

Southern Rock has said £11,140 represents the market value of Mr E's van as this is within the range of the valuations provided by the trade guides. Mr E said he can't get another van for that price and has provided adverts to show similar vans for around £13,000 plus VAT, so he thinks Southern Rock should increase its offer.

My role isn't to value Mr E's van. My role is to decide whether or not I think Southern Rock's offer to settle his claim is fair and reasonable in the circumstances. And I'm satisfied it is.

Determining the market value of a van isn't an exact science. There's a number of factors that need to be considered. The market value takes into account the type (make and model) and condition (age, mileage, general condition) of the van. With so many factors to consider,

finding a like for like vehicle is difficult. And even then, it's difficult to be sure that vehicle is being sold for the correct market value. For that reason, I'm more persuaded by the trade guides than I am by the adverts Mr E has provided. These trade guides take into account all the factors listed above and use nationwide data to value vehicles.

Using three of these guides CAP, Glass's and Cazana, Mr E's vehicle was valued at £11,160, £11,193 and £11,024 respectively. These values use Mr E's registration, so they consider it's make, model, age, mileage and condition when valuing it. These values are based on Mr E's van being in the best possible condition and value his van at the time of the theft.

As Southern Rock's offer of £11,130 – minus the policy excess - is within the range offered by those guides, I'm satisfied it's fair and in line with our approach to these types of cases. One of the guides, Cazana also lists closely matched vehicles recently sold. Some of these vehicles have lower mileage than Mr E's, some have higher. The range of these sales ranges from around £6,500 to £20,000. Taking this into account, I'm satisfied Southern Rock's settlement of Mr E's claim is in line with the policy terms and fair and reasonable in the circumstances of this complaint.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 21 May 2021.

Joe Thornley
Ombudsman