

The complaint

Mr M complains about how Highway Insurance Company Limited ('Highway') dealt with his motor insurance claim.

Mr M may know Highway by a different name, but I'm satisfied Highway is ultimately responsible.

What happened

In April 2019 Mr M made a claim on his specialist motor insurance policy after his camper van was involved in a road traffic accident.

Following the accident, the camper van was taken for repair. But, some time later, because of long delays, poor service and Mr M's unhappiness with the standard of repair work, the camper van was moved to a different repairer.

Mr M raised a complaint about Highway's handling of the claim in August 2019. He was unhappy with its response, so he contacted our service in October 2019. While Mr M's complaint was with our service further issues with the camper van came to light and, as a result, in January 2020 both parties agreed to settle the claim for market value.

Highway's final offer to settle the claim was £32,000 but Mr M thought that was too low. He'd approached an independent engineer and obtained his own valuation report. The independent engineer said the only way to replace Mr M's camper van – because of its bespoke nature – would be to have a like-for-like replacement built which would cost £38,000. So the independent engineer thought that amount was a fair pre-accident market value.

An investigator here considered Mr M's complaint and said Highway could've handled the claim better. He recommended some compensation for the distress and inconvenience Highway had caused Mr M and, given both parties had agreed to settle the claim rather than continue with repairs, he thought the dispute now centred around fair settlement for the camper van. He said he found the independent engineer's report to be more persuasive than what Highway had relied upon. So he said Highway should settle Mr M's claim for £38,000. He also thought Highway should pay for the cost of Mr M's independent report.

Mr M accepted the investigator's findings, but Highway disagreed. It said as Mr M's policy was a market value policy, the camper van wasn't insured for an agreed value and the policy wouldn't cover the cost to build a like-for-like replacement. Highway maintained its valuation of £32,000 was fair. It also said it would pay compensation as the investigator set out, but it didn't think it should have to pay for the cost of Mr M's independent engineer's report.

As an agreement couldn't be reached the complaint was passed to me to decide.

I issued a provisional decision saying I intended to uphold the complaint. I said:

"In support of his complaint Mr M has made detailed points and provided a lot of

information. I'm sorry to hear how much this matter has affected him and Mrs M. And I'd like to pass on my sincere thanks for their continued patience.

I've summarised the complaint in far less detail, and I may not have commented on everything Mr M has raised. I don't intend any discourtesy by this. Rather, it reflects the informal nature of this service.

what's left in dispute

Given the length of time and the different events which have occurred throughout the course of this complaint, for clarity, I've outlined here what I believe is still in dispute.

The investigator has already considered events prior to both party's agreement to settle the claim as a total loss. He thought Highway could've handled Mr M's claim better, and he set out a level of compensation which he feels is appropriate to reflect the distress and inconvenience Mr M has suffered. I've not seen that Mr M disagrees with what the investigator explained here. Additionally, from what I've seen, Highway doesn't disagree either and it accepts things could've been handled better. So I don't intend to cover the same ground.

Instead, I'll explain whether I think Highway has reached a fair and reasonable valuation of Mr M's camper van.

reaching a fair market value

Mr M's policy is a 'market value' policy. The policy document describes this as;

"The cost at the date of the accident or loss of replacing the insured vehicle, if possible, with one of a similar make, model, age, condition and mileage..."

Highway has offered Mr M £32,000 to settle the claim because it thinks that's a fair market value. It relied on a report carried out by its engineer and adverts for similar vehicles. Mr M disagrees with this valuation and thinks a fair market value is £38,000.

It's important for me to clarify here that this service doesn't provide a precise valuation of a vehicle. Rather, we consider if the offer being made is reasonable. Vehicle valuation isn't an exact science, far from it, and there are several factors which come into play. A good starting point when trying to establish market value is to look at industry trade guides. The guides are based on extensive nationwide research of likely selling prices. But the guides don't give accurate valuations for Mr M's vehicle because it was never manufactured as a camper van to begin with. It was converted after manufacture.

I've seen that – among other things – Mr M has obtained a report from an independent engineer to support his position that the camper van had a pre-accident market value of £38,000. On the other hand, Highway has provided its own engineer's report and some adverts of other camper vans for sale which it considered when reaching a valuation.

I don't think Highway's report is thorough enough for me to rely on. I say this because it contains little detail or specifics around Mr M's camper van and the bespoke nature of it.

Alternatively, the independent engineer's report is very detailed. It explains that, in the engineer's opinion, the only way to replace Mr M's camper van would be to have a like-for-like replacement built. But Mr M's policy is a market value policy. It doesn't

provide cover to build a like-for-like camper van, so I've not considered this view any further.

I've also noted from the report that the conversion of the camper van was largely carried out by Mr M himself, so it was bespoke, with the fixtures and interior fittings just as he wanted them. Indeed, Mr M has provided a breakdown of his costs to show the total he spent on the camper van was £38,000. But it doesn't necessarily follow that, if the camper van was advertised for sale in pre-accident condition, a potential buyer would have paid what Mr M thought it was worth or what he'd spent on converting it.

So, on balance, I'm not persuaded that either the independent engineer's report – or Highway's – represents a fair valuation.

Our service doesn't generally use advertisements to help assess market value but, sometimes, adverts can give a good indication of market value particularly if a vehicle is very bespoke, rare or a classic. And I think this applies to Mr M's camper van. I've noted Highway did review adverts for similar camper vans, as did Mr M's independent engineer, but I've also carried out my own market research.

The independent engineer found an advert for a camper van which used the same specification base-vehicle as Mr M's. It was for sale at £34,995 but the history of the vehicle – such as its mileage or precise age – is unknown, so I don't find that information reliable enough to determine fair market value.

I found similar camper vans of the same model as Mr M's but, as expected, no like-for-like is available. As is often the case with adverts there was a broad range of prices, but none of the adverts I reviewed support a pre-accident market value of £38,000 for Mr M's camper van. Rather, £32,000 is broadly in-line with – and seemingly towards the higher end of – the prices I found advertised online for a similar vehicle.

I can understand why Mr M feels the value of his camper van should be higher than £32,000. Especially given he spent a considerable amount of time and money on a high-quality conversion. But, ultimately, the market value of a vehicle isn't found by totting up the cost of individual parts which – it's important to note – would've depreciated over time. It's arrived at by looking at what the whole camper van would sell for. And, on balance, I'm not persuaded there's enough to conclude £38,000 is a fair market value for Mr M's camper van.

To sum up, it's very difficult to unequivocally conclude the pre-accident value of Mr M's camper van. Mr M, quite understandably, thinks it's worth more than Highway's current offer. After all, he put a lot of time and effort into converting the camper van just as he wanted it. So I understand Mr M will be disappointed by what I've set out. But I think the best way for me to settle a fair outcome – moving away from adverts – is to refer to Mr M's policy, and what it entitled him to. That's the cost of putting him back in the position he'd have been in before the accident. Specifically, the cost of replacing his base vehicle and the cost of converting it to a camper van.

I've checked the industry guides to determine the value of Mr M's base vehicle using its registration and mileage. I've averaged the guide prices to reach a market value, from the time of the accident, of £16,000 for the base vehicle. Mr M's policy doesn't

provide 'new-for-old' replacements but, for simplicity; using the list of costs Mr M has provided for the items he bought, and the amount he's cited for the conversion, I'd award him a further £9,600. That's a total of £25,600 – which is £6,400 less than what Highway's already paid.

So, in the overall circumstances, I find that Highway's £32,000 offer is reasonable. And I don't intend to require Highway to increase it.

putting things right

Highway has already paid Mr M £32,000 for his camper van – so I don't intend to require it do anything further with regard to settling the claim.

The investigator recommended Highway pay Mr M £1,500 compensation for the distress and inconvenience it caused. Neither party has disagreed with that amount and I think £1,500 is both fair and reasonable. Highway has already paid Mr M £1,000, so I intend to require it to pay a further £500 to Mr M (unless it already has, and I haven't been informed).

The investigator also thought Highway should pay for the cost of Mr M's independent engineer. But I don't see things quite the same. Mr M was under no obligation to obtain an independent report. Instead, that was a choice he made to support his position on fair market value. So I don't think it's reasonable to require Highway to pay for it.

In closing, it's clear this experience has been very difficult for Mr M and he has my sympathy. The camper van – and his plans for it – undoubtedly meant a great deal to him. But I'm satisfied that, on balance, Highway's valuation is reasonable. And it's not fair of me to require Highway to increase its offer if I'm not persuaded there's conclusive evidence to support a higher valuation.”

Highway said it accepted my findings, but it wanted to add that it had covered Mr M's renewal premium in February 2020. The policy was cancelled in March 2020 and Highway said it had agreed for any pro-rata refund to be paid to Mr M. So it thought this should be factored in to any compensation award.

Mr M provided a very detailed and honest response. I've summarised his key points in less detail, but I want him to know I did read everything he set out. Mr M said:

- he feels strongly that his complaint is about another business, LV, not Highway. Mr M is keen to ensure LV are the business held responsible;
- he maintains his disagreement over the settlement of his claim. He doesn't believe the valuation of his camper van is fair, nor does he feel the equipment and extras which were fitted have been taken into account; and
- he's very unhappy with the general handling of his claim, including the compensation amount on offer, and has described in detail how the experience has had such a profound impact upon him and Mrs M.

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.

Once again, I wish to thank Mr M and his representative – Mrs M – for providing as much detail as they have.

I'd also like Mr and Mrs M to know I had no intention, nor do I have any here, to come across as dismissive of the issues they've raised. It's clear this matter is a very emotive one for them, and I can certainly understand why. Mr and Mrs M weren't at fault for the accident and I know they've done nothing wrong. So there's no doubt the whole experience has been arduous for them.

Having said that, while I appreciate it's been a difficult time, I must look at things objectively. And, while I know Mr and Mrs M will be disappointed, I'm not going to depart from what I set out in my provisional decision. I'll explain why.

the business responsible

Mr M doesn't think his complaint should be against Highway, and I can see why. After all, he's only ever corresponded with LV.

The reason I've asked for this complaint to be set up against Highway is because it's Mr M's insurer. Highway is the business who underwrites his policy and is responsible for settling any claims.

Highway is part of a larger group of companies, LV Group. When this is the case, firms like Highway sometimes continue to operate and underwrite policies in their own right. But any administration – such as claims processing, marketing material or even general policy documentation – is dealt with centrally by the parent company in the group. And that's what's happened here.

Mr M's complaint is about how his insurer wishes to settle his claim. So although the administration – and Mr M's subsequent complaint – has been dealt with by LV, it's Highway who are responsible for settling the claim itself. And it's for this reason I'm satisfied Highway is the correct respondent for this complaint.

the valuation of Mr M's camper van

Having reconsidered the available evidence, I still think Highway's £32,000 offer is a reasonable one. I say that for the same reasons I set out in my provisional decision, more specifically; I don't think either report – from Highway or the independent engineer – is robust enough to represent fair market value. I've also seen £32,000 is broadly in line with the value of similar vehicles, and I don't think market value is determined by what the owner thinks their vehicle's worth. Nor do I think market value is a calculation of individual parts or simply what the owner has spent on the vehicle.

Mr M has said he recognises his policy mentions 'market value'. But he's also said his policy document states a specific value of £39,000. The insurance schedule provided by Mr M's broker, with whom he arranged the policy, does show £39,000 as a given value. But here, that's simply an amount the policyholder believes the vehicle to be worth. It's a general question asked by insurers to gather information about the proposed vehicle, not an agreed amount of cover.

I understand Mr M would like further losses paid, such as snow chains; tyres, two sets of wheels, a fitted tracker, a TV and satellite system. Highway has said it didn't consider any item not attached to the vehicle when reaching its valuation. But it has now offered to refund items, like the wheels and tyres, that Mr M can hand over. It's said it will pay the original

value (on provision of receipts) or the sale value if there are no receipts. And I think that's fair. Especially in light of what Mr M has said about selling or giving away some items over the duration of the claim. So if Mr M would like Highway to collect these items, then it should do so. And Highway should pay the receipt or sale value to Mr M as agreed.

As it stands, Mr M hasn't accepted £32,000 in full and final settlement – and I'm aware he was waiting for our determination before deciding his next steps. Like I said in my provisional decision, I can certainly appreciate why he thinks the camper van was worth more. He's said it was priceless to him, and I can understand why given his plans to spend time touring the country in it. The camper van clearly meant a great deal to him.

With that said, I want to be clear that I'm not concluding Highway's valuation of £32,000 is unquestionably what Mr M's camper van was worth in its pre-accident condition. It's not the role of this service to act as vehicle valuation experts. Instead, for the reasons I've set out here and in my provisional decision, I think it's a reasonable offer in the circumstances. So, on that basis, I don't require Highway to do anything more regarding the valuation of Mr M's camper van.

the independent engineer's report

In my provisional decision I said Mr M wasn't under any obligation to provide an independent report. But Mr M has said Highway only increased its offer to £32,000 after he'd provided it. That is correct, but I still don't think that means he was obligated to provide a report. Highway didn't ask for one, and Mr M had already been given referral rights to our service. He had, in fact, already made us aware of his complaint. So I think he could've waited for our review, rather than incur the cost of an independent report.

Moreover, Highway disagreed with the findings in the report. It didn't revise its valuation in line with the independent engineer's opinion, and said it was making a higher offer purely to reach a resolution. So, on balance, I can't say the report is the sole reason Highway increased its offer to £32,000. And I don't think it's fair to ask Highway to cover the cost.

the general handling of Mr M's claim and compensation

Mr M doesn't agree £1,500 recognises the distress and inconvenience this matter has caused. He's set out in detail how poorly he feels the claim – and repairs by Highway's agent – were handled. And I certainly agree Highway could've done better. The manner in which it and its repairers handled the claim was poor to say the least. I understand Highway paid an invoice to its repairer before work had begun, yet Mr M still experienced delays; slow repairs and poor service. That's why I'm satisfied Mr M should be paid compensation.

It's important to keep in mind, though, that our service isn't a regulator. Our role isn't to punish a business for its mistakes, and our awards aren't meant to act like a fine.

Like Mr and Mrs M, Highway wasn't responsible for the accident and there's always going to be some distress and inconvenience going through the claims process. And, unfortunately, on some occasions it's true to say that claims administration is handled poorly. That certainly applies here, but I think Highway accepts it handled Mr M's claim poorly. And I don't think it intentionally made mistakes. I think £1,500 is a substantial amount of compensation which, had it not been on offer already, is in line with what I'd have awarded in the circumstances. So, on that basis, I don't require Highway to increase it.

Mr M's refund of premium

Highway covered Mr M's renewal premium in February 2020 while the matter was ongoing. The policy was subsequently cancelled around a month later, and a pro-rata refund was paid

to Mr M. Usually when a refund is issued, any return of premium will go to the individual who paid which – in this instance – is Highway.

Given the circumstances, and just how poorly Mr M's claim had been handled up to the point of renewal, I think covering the cost to ensure the policy continued while the claim was ongoing was the right thing for Highway to do regardless. But Highway has now asked that the refund paid to Mr M be taken into consideration when awarding compensation here.

In the round, it does seem fair to take any pro-rata refund Mr M received into consideration. After all, anything he did receive would've been to his advantage given he didn't pay for the policy's renewal. In any event, Mr M doesn't object to this amount being taken into account when making an award now. So I'm satisfied Highway can deduct the amount Mr M received as a pro-rata refund in 2020 from the £1,500 compensation it is to pay Mr M.

overall

I know this isn't the answer that Mr and Mrs M were hoping for. None of what's happened is down to their wrongdoing, and I'm very sorry to hear how much the matter has hampered their retirement plans. But, while I have a great deal of sympathy for Mr and Mrs M, a contract of insurance only goes so far. So, for the reasons I've set out, I'm satisfied Highway has made a reasonable offer for the camper van's market value, and I think £1,500 compensation is enough to recognise the distress and inconvenience it caused.

My final decision

My final decision is that I uphold Mr M's complaint. I'm aware that any cheques previously sent to Mr M haven't yet been cashed. These may have now expired, so I require Highway Insurance Company Limited to ensure Mr M has active cheques which:

- settle the claim for his camper van for £32,000; and
- pay him a total of £1,500 compensation, less the amount he received as a pro-rata refund in 2020;
- Highway should also arrange with Mr M to collect any equipment he can hand over and pay either the receipt or sale value, as it's offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 April 2021.

Simon Louth
Ombudsman