

The complaint

Ms K complains that UK Insurance Limited (trading as Churchill Car Insurance) treated her unfairly when it settled a claim on her motor insurance.

What happened

Ms K had a car insurance policy with Churchill. In March 2021, she was involved in a road accident with another driver. Both drivers blamed the other for the accident: Ms K said the other driver tried to overtake her as she turned right; the other driver said Ms K had been parked and pulled out in front of him.

Churchill reviewed the accident. It decided Ms K was likely to have been at fault so accepted liability and settled the claim from the other driver's insurer. Ms K's car was written off in the accident, so Churchill gave her £4,205 for it (less her £300 policy excess). It also accepted that it could have provided Ms K a better service and paid her £150 to apologise for this.

Ms K is unhappy Churchill held her liable for the accident when she doesn't think she was to blame. She says its decision has affected her no claims bonus and insurance premiums, as well as severely distressed her. She also thought Churchill's settlement offer for her car was too low. She brought her complaint to this service.

Our investigator didn't recommend that Ms K's complaint about liability should succeed. He explained that Ms K's insurance policy included a term allowing Churchill to take over, defend or settle a claim as they see fit and he thought its decision to accept liability was reasonable. He was also satisfied that its offer of £150 to apologise for poor service was fair. However, he thought Churchill's valuation of Ms K's car was too low. He recommended that it increase its settlement offer.

Churchill accepted our investigator's recommendations. Ms K didn't, so the case was passed to me to make a final 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.

There are two main issues here: liability for the accident and Churchill's valuation of Ms K's car. I've considered each below.

Liability

As our investigator explained, under the terms and conditions of Ms K's policy, Churchill can take over, negotiate, or settle a claim as it sees fit ('*General Conditions*', paragraph 3b). This is common in car insurance policies and Churchill doesn't need Ms K to agree this. This also means Churchill can make a decision Ms K doesn't agree with. If it does, I can decide if that decision was fair and reasonable.

There's a clear dispute about who was to blame for the accident. So I've looked at why Churchill accepted liability. In summary:

- The only witness didn't see the accident, only what happened afterwards.
- Churchill believed Ms K probably pulled out in front of the other driver.
- Churchill said it was Ms K's responsibility to make sure there was no-one behind her before she pulled out.
- Churchill had no evidence the other driver was speeding.
- This meant Churchill felt it was unable to defend the claim from the other driver's insurer.

I sympathise with Ms K. I know she vehemently disagrees with the points above. But, in the absence of any contradictory evidence – for example, dashcam footage or an independent witness – I understand why Churchill reached its conclusions. I think those conclusions are supported by the photos of the accident scene, and the damage to both cars.

I'm satisfied that Churchill considered all the available evidence when it investigated the accident. And, having reviewed this evidence myself, I can't say that Churchill's decision to accept liability was unreasonable. This also means the claim should be recorded as a fault claim against Ms K.

Valuation

Section B of Ms K's policy explains how Churchill will settle a claim if her car is damaged. This says it will pay the "*market value*" of the car, less her policy excess. Market value is defined as: "*The cost of replacing your car with another of the same make and model and of a similar age and condition at the time of the accident or loss.*"

Churchill told us that it consulted two trade guides and the average value for Ms K's car was £4,823. However, its engineer believed the valuations quoted in trade guides were "*excessive in comparison to the market*" so it also used two private adverts to value Ms K's car, reducing its offer to £4,205. Ms K's policy excess was £300, so it offered her £3,905 to settle her claim.

Our investigator explained this service's approach to car valuations. We don't look to value the car ourselves but instead we consider whether the insurer's offer is reasonable. To do this, we first look at trade guides, which are particularly useful for valuing second-hand vehicles because their valuations are based on nationwide research and likely sales figures. The guides also consider other factors, such as the car's condition.

And while we sometimes consider adverts, generally the final sales price will be lower than the advertised price. That's why we first look to the trade guides, as these provide stronger evidence of retail selling prices.

In this case, I don't think Churchill's decision to reduce the valuation based on the two ads was fair. I agree with our investigator that it should settle the claim based on the average valuation suggested by the trade guides.

Finally, Churchill accepted some of Ms K's concerns about its service. Specifically, it accepted that it could have done more to avoid Ms K having to provide the same information several times. It offered her £150 to apologise for this. In the circumstances, I think this is fair.

My final decision

My final decision is that I uphold the complaint and require UK Insurance Limited (trading as Churchill Car Insurance) to increase its settlement for Ms K's car to £4,823, less Ms K's policy excess.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 31 March 2022.

Simon Begley
Ombudsman