

The complaint

Mrs D has complained that the market value of her car as detailed by U K Insurance Limited (UKI) under her motor policy, following an accident wasn't enough bearing in mind the make and model of Mrs D's car.

Mrs D has been represented by her son, Mr D. However, for ease of reference I shall just refer to Mrs D throughout.

What happened

Mrs D was involved in a quite a severe car accident on 6 November 2021. She made a claim to UKI and its engineer decided on 9 November 2021 that her car was a total loss.

Initially UKI said the car's market value was £6,400. But Mrs D didn't think this was enough. So UKI looked at it again and increased the market value to £7,263. Mrs D said there were further conversations with UKI's engineer when he mentioned the value could be increased to £7,600. However, UKI said there was no evidence of this.

Mrs D remained unhappy with UKI's valuation of her car. She also raised other service issues which are being dealt with separately. So, she brought her complaint to us. The investigator was of the view that UKI's valuation of Mrs D's car was reasonable. Mrs D didn't agree so her complaint has been passed to me to decide.

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 this complaint. I'll now explain why.

First, I do understand and appreciate that Mrs D will be very disappointed with my decision. Secondly, I want to reiterate that all I'm dealing with is UKI's valuation of Mrs D's car in this decision and that the other issues are being treated separately should Mrs D wish to pursue them. Also, I do understand how distressing this matter has been for Mrs D, more so given the severity of her accident, which must have been very frightening and upsetting. However obviously UKI weren't involved with Mrs D's accident, but nonetheless there is an element of distress consequently in having to deal with the subsequent claim, which is very standard in these issues and not at all pleasant for Mrs D either. But this is all from the fact that the accident sadly happened and that the claim must be made, rather than anything UKI did or didn't do, too, leaving aside the further service elements which Mrs D has complained about separately. In other words, there is always quite an inconvenience and upset in having to make a claim after an accident which causes upset and inconvenience too.

The service doesn't provide vehicle valuations, as we're not motor engineers. What we do instead in complaints like this, is to assess whether UKI came to a reasonable decision in

deciding the market valuation in accordance with the terms and conditions of the policy. Valuing a vehicle isn't an exact science however, as the market changes all the time too. As the investigator explained, our approach consequently is to ensure the insurer has regard to the valuations in the motor trade guides. This is because these guides record the actual selling prices rather than the advertised prices which can be of course subject to negotiation. Therefore, we take the view they provide the most reasonable vehicle valuation amounts.

In common with all other motor insurers, UKI's policy sets out the extent of its liability as a result of any claim made by the policyholder. The policy says the following under *'what is covered'*:

'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.'*

And the clause clearly explains that the valuations are calculated at the date of the accident not at the date the claim is settled as it says:

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

The policy defines the 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.'

UKI has shown us that it used the three main trade guides to ascertain the value of Mrs D's car. The investigator also confirmed that she checked these guides to make sure the figures were correct bearing in mind the registration number and mileage of Mrs D's car along with the date of her accident. The figures returned by the guides were £7,327, £7,078, and £6,400. Not unusually there was some discussion to ensure the correct specifications were used for Mrs D's car. These valuations showed her car as being a manual whereas Mrs D said it was an automatic. In fact, it transpires that Mrs D's car was classed as a semi-automatic. So, I'm satisfied UKI and indeed the trade guides were returning valuations for the correct specifications of Mrs D's car with the correct transmission as semi-automatic cars are classed as manual transmission cars.

Mrs D said that she didn't think the figure which UKI offered of £7,263 was enough bearing in mind several adverts for similar cars which she produced. However, these adverts were not for cars with the same age or specification as Mrs D's, so I don't find them persuasive. Also, they only quote the asking price not the eventual sale price, which again isn't as persuasive as the prices listed in the trade guides in my view.

Mrs D also thought it was unfair that the valuations were dated the day of the accident instead of now, as second-hand cars had increased in value in the meantime. The policy term is clear that the extent of UKI's liability is the valuation at the time of the loss, and not after any protracted negotiation therefore I don't consider UKI did anything unfair using the date of the loss, as that's the same in every motor policy too.

Our general approach is that if the insurer's valuation of the car is in line with the trade guides (plus given here that I'm satisfied UKI did use the right specifications for Mrs D's car), then that valuation isn't unfair or unreasonable. That is the case with UKI's market valuation of Mrs D's car in the sum of £7,263. That figure is higher than two of the guides and just

under the third guide price. So, there is nothing to show me that UKI ought to have offered anything more.

I'm aware Mrs D is of the view that UKI's engineer said he could increase the figure of £7,600. I'm afraid there's no evidence of that within UKI's files. Further given the trade valuations there's nothing to show me why the value should have been increased to this figure, which would have above all three trade guides. It's also not usual to share vehicle valuation trade guides in the manner Mrs D requested and UKI has said it is classified information. So, I don't think UKI did anything wrong in not doing so.

My final decision

So, for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 21 June 2022.

Rona Doyle
Ombudsman