

## The complaint

Mr Y complains about the valuation U K Insurance Limited (UKI) trading as Direct Line Car Insurance have given him when claiming under his motor insurance policy.

## What happened

I issued a provisional decision setting out what'd happened, what I thought about that, and how I felt matters should be put right. I've copied the relevant elements below, and they form part of this final decision.

*On 10 September 2021 Mr Y was unfortunately involved in an accident, and his car was deemed a total loss. After some discussions, UKI offered £8,000 in settlement. Mr Y turned this down, because he said a truer valuation would have been between £9,000-£12,000.*

*After a discussion with UKI, Mr Y asked an independent engineer to inspect his car and offer up a valuation. That engineer decided a fairer valuation was £10,000. Mr Y said he understood UKI would refund the £180 he paid to have his car inspected if it showed a higher valuation – so he asked them to refund this and pay the higher valuation. Mr Y also had concerns as UKI's engineer decided there was no structural damage, but his engineer said there was. He said this affected the salvage value of the car. Finally, Mr Y was also concerned about a breach of his privacy, after emails meant for him were sent to a family member in error.*

*The structural damage referred to by the respective engineers affected how much the car would be worth if Mr Y kept it. But, my understanding is Mr Y didn't end up taking the car back, meaning the differing opinions on the structural damage is no longer relevant. So, I won't mention it again.*

*UKI said they'd carried out an investigation into the value of Mr Y's car, and felt the £8,000 they ultimately offered was fair taking into account the independent engineer's report, so they wouldn't be increasing this. They also said they wouldn't be refunding the £180 Mr Y had paid for the report, as they didn't think they'd misled him. And although they had sent an email in error to Mr Y's family member, didn't think any further action was necessary as no information had been provided.*

*Unhappy with this, Mr Y asked us to look into things. One of our Investigators did so, and found UKI had acted fairly, except for the valuation report. He felt UKI hadn't clearly explained in what circumstances they'd refund the independent engineers report – so said they should do so.*

*Mr Y agreed UKI should refund the cost of the report. But he disagreed on the valuation element, saying our Investigator hadn't properly taken into account evidence sent in showing second-hand cars were increasing in value due to a number of factors.*

*UKI didn't agree they should be required to pay for the independent engineer report. They said if this isn't being used to determine the value of the car, then it's been decided it's not*

*correct to rely on what it contains. In those circumstances, it's Mr Y's evidence he's providing our service to persuade us to change our mind – so don't think they should have to pay for it.*

*As both parties didn't agree with our Investigator, the complaint's been passed to me to decide.*

### ***What I've provisionally 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.*

#### **Valuation of the car**

*It'll help to explain that it's very difficult to value second-hand cars and it isn't the role of our service to value Mr Y's car. But our general approach is that we look to assess whether the insurer's offer is reasonable.*

*To do this, we look at the valuations UKI used when calculating their offer. We usually expect insurers to get valuations from motor trade guides – which is what UKI did. These are used for valuing second-hand cars. But we'll also take into account the evidence provided by both parties. This might include engineer's reports, information provided by dealers and adverts, amongst other things.*

*From what I can see UKI looked at two guides. The first gave a valuation of £8,100, and the second £7,725. UKI ended up offering £8,000, which is towards the higher end.*

*But Mr Y also provided an independent engineer's report, valuing the car at £10,000. He's also provided a series of adverts, suggesting the car should be valued higher.*

*UKI have said they've noted the independent engineer's comments but think £8,000 is a fair price. Crucially though, they've not explained why they don't think the engineer's comments mean the car is worth more – the only answer given is they've given the top price based on the guides.*

*So, I arranged to ask for UKI's comments regarding this, amongst a number of other issues – and while they did reply, they didn't answer my questions on this point.*

*Although the guides are generally quite a good indication of a fair price, I think a bespoke inspection by an independent engineer is a very persuasive piece of evidence Mr Y has obtained. This report has looked at Mr Y's individual car and gave it a value which hasn't been directly disputed by UKI. I'm more persuaded by this bespoke report, than the general motor trade guides which provide likely selling prices for cars.*

*Taking everything into account, while the trade guides are usually a good indication, I think a bespoke independent engineer's report mean the valuation should be increased.*

*As the car was valued at £10,000 by the independent engineer, I've seen no reason not to say it should be valued at this price. My understanding is UKI have paid the £8,000 they felt the car was worth – so they'll need to pay the difference. They'll also need to add 8% interest to this difference due to Mr Y being deprived of funds I think he should have had. I also think UKI should pay some compensation for this. They've seemingly disregarded his independent engineer's report, by not providing a clear and detailed explanation to him why they didn't think they needed to do anything more. I think £200 is fair for this aspect.*

#### **Cost of the independent engineer's report**

*I can see UKI have said they'd have been prepared to pay this, if it'd been proven they'd offered a lower value than they should have done.*

*As I've now decided they have offered a lower value than they should have, I think it's reasonable for them to refund this in full. UKI will also need to pay 8% interest on this as Mr Y has been deprived of funds they should have refunded previously.*

Information sent to Mr Y's family member in error

*I also arranged for us to ask further questions about this – as it wasn't clear exactly what'd happened.*

*Mr Y said there were at least two data breaches he's aware of, but UKI didn't offer a satisfactory resolution to him.*

*In contacting UKI regarding this, we asked if they could provide copies of the emails / texts that were sent inadvertently to Mr Y's Brother. They replied, and said they'd provided a letter which explained this – but the letter they provided attached a response to Mr Y about the value of his car.*

*In the absence of any further information, I think UKI's response has been poor to this – by not fully addressing the concerns Mr Y has raised. I think compensation of £50 would be appropriate, to put this matter right.*

## **Responses to my provisional decision**

Mr Y replied, and said he was in agreement with my decision.

UKI said their engineers have reviewed the decision. And said in previous cases while our service typically relied on the average of the guides, they'd offered examples as an indication of what money can buy – but we weren't persuaded by them. They said while the average of the guides would suggest they'd acted fairly, similar cars are now attracting a premium – so they agreed they should increase the value but weren't sure £10,000 was fair. UKI explained their search parameters and provided two cars which said had an average of around £9,300.

UKI didn't comment on the cost of the report or the incorrect information sent to Mr Y's Brother.

## **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.

Firstly, I'd like to thank both parties for replying promptly, as that's allowed me to finalise matters.

I've noted UKI's comments and am pleased to hear they recognise they should increase the value of Mr Y's car.

They've said they've previously offered "examples" as an indication of what money can buy – but we've not been persuaded by that. They've not said what they mean by "examples" exactly – though I'll assume they mean adverts.

I think it's worth reiterating each case is decided on its own individual merits. Here in Mr Y's case, we've been provided with a bespoke independent engineer's report to say the specific car should be valued at £10,000. I explained in my provisional findings the valuation hadn't been directly disputed by UKI.

I've considered the adverts UKI have provided showing values of £9,482, and £9,190. I can see for the higher value car; the website suggests it's valued around £900 less than it should be. I can't find the second car but can see the advert UKI have provided shows it's a good value.

So, two opposing adverts really – one which I don't think supports UKI's position, as it suggests the value should be as high as almost £10,400, and another which says £9,190 is a good price which does support UKI's position.

UKI haven't though engaged with the engineer's report at any stage of this complaint as far as I can see. When Mr Y initially provided it, the comments from UKI were they'd offered the top book price of the guides. I arranged for us to ask in advance of my provisional decision for their comments on the engineer's report – which they didn't provide. And in response to my provisional decision, where I've focused on the engineer's report as being a fair reason to increase the value of the car – they've still not directly explained why the engineer's report has unfairly valued the car.

Ultimately, for the reasons I explained above, I think the independent engineer's bespoke report on Mr Y's car is a persuasive piece of evidence. UKI haven't explained clearly why they disagree with that valuation. And the adverts they've provided in response to my provisional decision aren't so significantly out of line to make me think I'm treating them unfairly by requiring them to pay the valuation the independent engineer has come to.

So, for the that reason, I'll still require them to pay the full £10,000 – minus what they've already paid. UKI didn't provide any further comments on the remaining elements of what I thought they should do. So, I'll still require them to do that for the same reasons I mentioned in my provisional decision.

### **Putting things right**

In summary then, I require UKI to:

- Pay Mr Y the difference between the valuation they've already paid, and the £10,000 the independent engineer came to
- Pay 8% interest\* on this, from the date of the first claim payment, to the date of settlement
- Refund Mr Y the cost of the independent report
- Pay 8% interest\* on this, from the date Mr Y paid for the report, to the date of the settlement
- Pay Mr Y £250 compensation as outlined above.

\*HM Revenue and Customs requires UKI to deduct tax from the interest payment referred to above. UKI must give Mr Y a certificate showing how much tax they've deducted if he asks them for one.

### **My final decision**

I uphold this complaint and require U K Insurance Limited (UKI) trading as Direct Line Car Insurance to carry out the actions in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 8 April 2022.

Jon Pearce  
**Ombudsman**