

The complaint

Mr I complains about the value Ageas Insurance Limited (Ageas) put on his car.

What happened

Mr I had motor insurance underwritten by Ageas. His car was involved in an accident and Ageas decided it couldn't be economically repaired. Ageas offered Mr I £13,330 to settle his claim, which it said was the market value of his car.

Mr I wasn't happy with this and complained to Ageas as he said this wasn't enough to replace the car. Ageas said it had used the industry recognised guide books to come up with the valuation and was unable to increase it.

Mr I wasn't happy with this response and complained to this service. Our investigator didn't uphold the complaint. He said he'd obtained his own valuations via the three trade guides this service uses and Ageas' valuation was within the range of these three amounts.

Mr I wasn't happy with our investigator's response and so the complaint has been passed to me. Mr I wants Ageas to pay him an additional £1,225 making a total of £14,555 which he says is what it will cost him to replace his car with a similar one.

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.

I don't uphold Mr I's complaint. I'll explain why.

Mr I's insurance policy booklet with Ageas said:

"If your car is very badly damaged or unsafe to drive and it is decided that it does not make financial sense to repair it, your car will be declared a "total loss" - many people call this a "write off".

Once an engineer has inspected and assessed the market value of the car, your insurer will send you an offer of payment to cover the market value of the car...

Please note

The market value of your car provides you with sufficient funds to replace your car with one of a similar age, mileage and condition."

Our service has a standard approach to this type of complaint. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor trade guides the most persuasive. These guides are based on

extensive nationwide research of likely selling prices, using advertised and auction prices.

We don't provide a valuation for the settlement of the claim as that's the insurer's role, but we determine a valuation so we can say whether or not the insurer has treated the consumer fairly. We would usually say a valuation is fair and reasonable if it is within the range of values in the guides.

Ageas said the valuations it obtained were £13,330 and £12,271. It put the market value of Mr I's car as the highest of these valuations.

Our investigator obtained valuations as at the date the car was damaged. He sent information to the guides including the make and model of the car and its mileage. The three valuations he obtained were £12,250, £13,330 and £14,754. So Ageas' valuation is firmly within the range of valuations obtained.

Mr I has provided some adverts for similar cars which he says show that Ageas' valuation was too low. We don't usually find advertisements for similar vehicles on their own very persuasive, but we do consider them, as they could indicate a problem with the guide values. However, vehicles may often be sold for less than the advertised price, especially with private sales. And differences in things like mileage, year of registration, model and type can significantly affect the value. I don't think that Mr I has provided sufficiently detailed information to suggest there might be a problem with the trade guides. And several of the adverts are from some months after his car was involved in the accident, and second-hand car prices can change a lot in a short period of time.

Mr I says he paid £14,555 to replace the car. However this was also some months after the date of the accident.

Taking all this into account, I think that Ageas' market valuation was fair and reasonable.

My final decision

For the reasons given above I don't uphold Mr I's complaint. So I won't be asking Ageas Insurance Limited to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 16 August 2022.

Sarah Baalham
Ombudsman