

The complaint

Mr F complains about Mulsanne Insurance Company Limited's ("Mulsanne") delay in settling his car insurance claim.

Any reference to Mulsanne includes the actions of their agents.

What happened

Mr F was involved in a collision with a third party and the matter was then referred to an Accident Management Company ("AMC") to carry out repairs. The AMC wrote to Mulsanne to say Mr F's car had been declared a total loss so they're unable to progress the matter. Mulsanne then valued Mr F's car at £3,680. The AMC then chased Mulsanne for several months and asked them to arrange to pick up Mr F's car. Mr F felt things were taking too long so he complained.

During our investigation, Mulsanne arranged a further valuation and this valued Mr F's car at £3,700. Mulsanne also accepted they'd delayed in contacting Mr F following the AMC's decision and offered compensation of £100.

Our investigator looked into things for Mr F. He thought Mulsanne had provided a fair valuation for Mr F's car but recommended they pay £325 compensation for the delays caused in dealing with the claim. Mulsanne agreed but Mr F disagreed so the matter has come to me for a 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.

Having done so, I've decided to uphold the complaint. And, I think the investigator's recommendation here is a fair way to resolve matters. I understand Mr F will be disappointed by this but I'll explain why I have made this decision.

Car valuation

My starting point is Mr F's car insurance policy document. This sets out the terms and conditions and says, under the heading 'The most we will pay is the lower of:', "*the market value of the insured vehicle immediately before the loss*" or "*the cost of repairing the insured vehicle*."

The policy defines market value as "*The cost of replacing your insured vehicle with one of similar type, age, and/or condition at the time of the loss as assessed by us. We use guides which refer to vehicle values, engineers and any other relevant sources to assess the market value.*" The policy goes further to say "*If the insured vehicle is a total loss and we have agreed to compensate you under the policy, but the amount to be paid cannot be agreed between us, an independent engineer shall be appointed by the claims administrator to decide the amount to be paid to you. The independent engineer's decision will be binding upon you and upon us.*"

In assessing whether a reasonable offer has been made, we obtain valuations from motor-trade guides. These are used for valuing second-hand vehicles. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research of likely selling prices. The guides refer to advertised and auction prices to work out what the likely selling price for the same vehicle would be.

I note Mr F says Mulsanne's valuation doesn't represent a fair market value. I've seen that Mulsanne reached their original figure by using industry recognised tools to find out the market value of the car. Mulsanne have provided information which shows an independent engineer's original search with Glass's returned a valuation of £3,680. And, taking into account two further motor trade valuations, the average figure was £3,014 – but they offered a settlement figure in line with Glass's valuation. The second valuation, which was carried out by a separate independent engineer, provided a Glass's valuation of £3,700. This engineer only used one motor trade guide to value the car. But, across the two independent engineer's, Mulsanne had obtained valuations from three motor trade guides. So, I think Mulsanne followed a fair and reasonable approach

I can see our service obtained four valuations. Glass's have valued Mr F's car at £3,680, Cazoo is £3,499, CAP is £2,975 and AutoTrader is £3,571. I believe the CAP valuation is an outlier as it's significantly less than the other three – which are all relatively close in terms of valuation. So, I think it's fair and reasonable to discount the CAP valuation and calculate an average from the remaining three. This gives a valuation of £3,583 and Mulsanne have offered £3,700. So, as well as following a fair approach, I think the settlement they've offered is fair and reasonable.

I note Mr F feels a valuation of £4,000 is fair and that is the offer he feels Mulsanne should make to settle his claim. It's not the role of this service to put an exact value on a car. When looking into these types of complaints we check the relevant trade guides and consider whether the insurer has made a reasonable offer in line with them. It's our role to make sure Mulsanne is giving Mr F a fair price using a fair and recognised approach. And based on the information provided about Mr F's car and using the trade guides, I think £3,700 is a fair price. I can see Mr F queries how Mulsanne can accurately value his car a year after the accident. I acknowledge Mr F's point, but I don't think this has disadvantaged him. I say this because Mulsanne used a motor trade guide which took into account the date of loss when valuing Mr F's car so this would take into consideration all relevant factors from the date of loss in August 2021.

I note Mr F says he was under the impression he wouldn't have to pay any excess as this was a non-fault incident. Mulsanne say Mr F has claimed against his policy so the excess would apply. I've looked at the policy and this defines 'Excess' as the amount Mr F has to pay towards any claim. It goes further to say "*You are responsible for the excess even if the incident is not your fault.*" So, given that Mr F is claiming against his policy, even though the third-party insurers have admitted fault, the terms and conditions say Mr F is still responsible for the excess.

Delays

Firstly, I've looked at the service given to Mr F. The key facts about this part of the complaint aren't in dispute. Mulsanne have admitted they got things wrong and accept, once they received a report from the AMC, they didn't contact Mr F within a reasonable timescale. The only issue I have to decide for this part of the complaint is whether the payment of compensation they've made is fair and reasonable.

I think it's right that Mulsanne should compensate Mr F for the frustration and inconvenience caused by their poor service. To help decide what a fair and reasonable level of compensation should be, I've looked at the errors by Mulsanne and what the impact of those errors has been. It's clear Mr F was left anxious when he didn't know what was going on and frustrated at the lack of updates. This continued for a number of months and led to Mr F referring his complaint to our service.

So, I don't doubt that Mr F has been inconvenienced but I've got to take into consideration that Mr F did replace his car so it hasn't been the case that Mr F was left without a car for a significant period of time. While there have been delays, I can't say there will be a lasting impact on Mr F, so I think compensation of £325 is fair and reasonable in the circumstances.

Putting things right

I've taken the view that Mulsanne have carried out a fair valuation, so they should pay Mr F £3,700, if they haven't done so already. And, to reflect the significant impact caused by their delays, they should pay Mr F compensation of £325.

My final decision

My final decision is that I uphold the complaint. Mulsanne Insurance Company Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 December 2022.

Paviter Dhaddy
Ombudsman