

The complaint

Mr W complains about the valuation Markerstudy Insurance Company Limited placed on his motorbike following a claim made on his motor insurance policy.

What happened

Mr W was involved in an accident and his bike was declared to be a total loss. Markerstudy said it couldn't easily value the bike due to its age. It said it found a similar bike advertised online for £700 and so it offered Mr W this amount in settlement of his claim. But Mr W said his bike was worth closer to £12,000.

Our Investigator recommended that the complaint should be upheld. He couldn't see that the online example that Markerstudy had found was the same as Mr W's bike. Mr W had provided a valuation based on its parts. The Investigator thought this was more comprehensive than Markerstudy's approach.

Markerstudy provided further detailed comments from its engineers to justify its valuation. But the Investigator thought these didn't resolve Mr W's concerns about how the valuation had been reached. And so he thought Markerstudy should arrange for a qualified and independent engineer to provide a bespoke valuation of the bike and to settle the claim on this basis.

Mr W accepted this and provided examples of similar bikes advertised for higher prices. He emphasised that his bike had been modified further than these examples. Markerstudy replied that Mr W hadn't provided a bespoke valuation when he took out his policy. It said the policy provided for the bike's market value which its engineers had assessed.

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 can understand that Mr W feels frustrated that it is taking so long to settle his claim. Mr W thought he had insured his bike for an agreed value, £12,000. But I can see that he didn't provide the required photographs and documents to validate this. And so the policy's terms and conditions provide for the bike's market value at the time of its loss. Markerstudy thought that due to the bike's lack of a current MOT and its condition, it was worth £700.

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable.

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 and likely sales figures. The guides also take into account regional variations. We also take all other available evidence into account, for example, engineer's reports.

In Mr W case, his bike is too old and too rare for the guides to provide valuations. So I think it was reasonable for Markerstudy to then rely on engineers' assessments of its value to settle Mr W's claim.

The engineers' assessments provided by Markerstudy are based on reviews of photographs of the bike taken after the incident and on its online research of the sale of similar bikes. But I'm not satisfied that this has provided a fair or reasonable valuation for Mr W's bike.

This is because, firstly, the engineers have stated that the bike was unroadworthy and without an MOT. But the engineers aren't decided about whether or not the bike was exempt from MOT, as Mr W claims, because of its age and modifications.

Also, Markerstudy provided further examples of similar bikes in what it said was better condition sold for higher prices. I note that there is a range of prices on the advertisements and that one unroadworthy bike is advertised for sale at a higher price than its offer to Mr W.

Mr B has also provided examples of similar bikes advertised for sale at higher prices. And he maintains that his bike is worth more because of its substantial modifications.

Markerstudy has lately said that Mr W hadn't disclosed the modifications made to his bike and this was a sufficient reason for it to decline his claim. But I don't think this is fair or reasonable as I can see from its own file notes that Markerstudy's underwriters confirmed that the modifications had been disclosed to Mr W's broker and it then agreed for the claim to proceed.

Similarly, Markerstudy said the bike was unroadworthy because its engineers thought the modifications wouldn't meet current MOT requirements. But, as I've said above, the requirement for an MOT hasn't been decided. So I can't say that it's fair for Markerstudy to consider this as a reason to reduce the bike's value.

So I think there are concerns about the bike's condition, its modifications, its roadworthiness and the range of advertised prices for similar bikes. And so I think it would be fair and reasonable for Markerstudy to obtain a bespoke valuation of the bike from a physical inspection made by a qualified and independent engineer and to settle the claim on this basis.

Putting things right

I require Markerstudy Insurance Company Limited to obtain a bespoke valuation of Mr W's bike from a physical inspection made by a qualified and independent engineer and to settle the claim on this basis.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Markerstudy Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 3 November 2022.

Phillip Berechree
Ombudsman