

## **The complaint**

Mr W has complained about QIC Europe Ltd. He isn't happy about the way it dealt with a claim under his motor insurance policy.

A number of other companies have been involved in this complaint, but as QIC are responsible for it I've primarily referred to them in this decision.

## **What happened**

I looked at this case and provided my initial thoughts in my provisional decision as follows;

*Mr W made a claim under his motor insurance policy after he had an accident in his classic car. When QIC looked into the claim it thought it would be difficult to repair the car, which had previous repairs, and thought that costs may spiral so it wrote off the car and offered Mr W the market value of his car in line with the policy. And it also offered to pay Mr W a cash in lieu (CIL) payment if he wanted to keep the car or Mr W could keep the car and it would deduct the salvage value of the car from the settlement.*

*But Mr W didn't feel that QIC had acted fairly. He thought it should have offered a higher amount as a CIL payment and that its other offers weren't fair. So, he complained to QIC and then this Service.*

*Our investigator looked into things for Mr W but she felt that QIC had acted fairly. Although she sympathised with Mr W she thought QIC had acted reasonably by offering the market value of his car. And she thought that QIC's offer for Mr W to retain the salvage of his car or to be paid a CIL payment was fair.*

*As Mr W didn't agree the matter has been passed to me for review.*

## **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.*

*Having done so I don't think QIC acted unfairly in the way it approached settling Mr W's claim by a CIL payment. However, having looked at the overall valuation of Mr W's car I don't think its offer of £14,000 as a market value is enough. I'll explain why.*

*I can understand Mr W's position, as he clearly feels QIC should pay a higher amount as a CIL payment in order that he can fully repair his car. But QIC has looked into the cost of repairing his car and thought that it would cost about 60% of the market value of the car to repair it. And it was very mindful that the repair costs would rise given the age of Mr W's car, some previous repaired damage, and the difficulty it would face in getting parts. I know Mr W doesn't agree with the CIL offer but it has also offered to settle his claim by paying the market value of his car which would allow Mr W to buy a similar car which seems fair, although I accept it would be difficult to buy a similar car given its age.*

Furthermore, QIC have also given Mr W a third option which is to keep the car, deduct the cost of the salvage from the settlement and not to place any salvage marker against the car. As Mr W's car is a classic this seems a fair offer in the circumstances of the case and this is in line with the general approach I would expect it to take.

Turning to the valuation of Mr W's car. Mr W feels that the way QIC has valued his car would also leave him out of pocket. As our investigator explained, this Service has an established approach to valuation cases like Mr W's. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the particular car.

Usually I would pay attention to the various trade guides used for valuing cars alongside any other evidence provided by both sides. But in this instance the trade valuation guides don't provide a guide price as Mr W's car is too old and so there is very little selling data to support a valuation. So, I have had to focus on the evidence provided from both sides and, in particular, the engineer's evidence and valuation. The condition of the car at the time of the incident is also an important factor to consider. And I must emphasise that I will only order a business to increase its valuation if I consider it is unfair.

I have considered all of the available information and the most persuasive evidence I have comes from the engineers that QIC used to consider the claim damage and place a value on the car. While QIC has relied on an engineer's suggested value of £14,000 in valuing Mr W's car there is a further report that suggests the value was £15,950. Our investigator asked QIC about this discrepancy but QIC didn't really provide a response but just reiterated the £14,000 figure. But without any explanation otherwise I think it would be fairer to consider this valuation that has been documented by QIC. So, I think it should pay Mr W a market value of £15,950 as opposed to the £14,000 it has offered, and it should pay 8% simple interest.

In relation to the salvage I understand that QIC has suggested the car would be worth about £5,600. I note that our investigator has also asked QIC to clarify how it reached this figure, but it hasn't really responded in any detail. So, I'll ask QIC to respond to this provisional decision with some clarity around this. And to maintain the salvage of the car is worth that much I would expect it to provide evidence of how the salvage figure was reached and that it would sell the car as salvage for this amount.

Finally, I note that Mr W has faced a difficult time with his health and that all this has caused him a fair degree of stress and inconvenience. However, he could have accepted QIC's offer and have gone on to dispute the overall value of his car with QIC and then this Service. This would have allowed him to get his car back on the road or to buy another car and to move on. But I do feel that QIC's low valuation of his car has caused him some additional stress and inconvenience so it should pay him £150 compensation.

Given all of this, I'm satisfied QIC adopted a reasonable approach to settling Mr W's claim, but its valuation of his car was low. So, I'm presently minded to lift the valuation to £15,950 plus 8% simple interest for the time he has been without any money owed. And I'll ask QIC to verify the salvage position and to pay Mr W £150 in compensation.

## Replies and developments

Both sides responded to my provisional decision. Mr W reiterated that he thought QIC made a mistake in how it read the repair quote which meant its CIL offer was low. And he felt it compounded its error by *'being unwilling to consider or acknowledge that a mistake had been made'*. Mr W said again that he thought all this had affected his health. He said the stress and frustration QIC caused him in the way it dealt with his claim led to a series of panic attacks and affected his health. And he said again that he couldn't have accepted QIC's offer and got his car back on the road as its CIL or write off offer options were low, and he had no other funds to cover the cost of the parts involved.

While QIC said that it did respond to the queries raised. It said it couldn't provide the evidence we would usually see because of the age of Mr W's car and the lack of trade valuation guide data. So, it asked for the position and information to be considered again.

QIC also said Mr W left long periods when, despite chasing him, that he failed to engage. And so, it felt Mr W delayed settlement and prolonged the 8% simple interest award period. It felt it did its best to try to reach a settlement solution and that it shouldn't be penalised by Mr W's delay. So, it thought either the compensation should be awarded or the 8% simple interest, not both.

## 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 maintain that the fair and reasonable thing to do, in the particular circumstances of this case, is to partly uphold this complaint.

I say this as the evidence provided by QIC clearly shows a valuation from its engineer of £15,950. I have asked QIC about this, given it offered £14,000 in line with a separate valuation, and it hasn't explained why the valuation of £15,950 was given by its engineer. And without any real explanation about the difference in valuations and why the lower figure was chosen I think it should pay the higher valuation. As such, I think it should've offered this amount at the beginning and had it have done so Mr W may well have accepted this as the difference is around £2,000, so I think it should pay him 8% simple interest for the time he's been without the money.

I know Mr W's health has suffered recently and I'm sure all of this has impacted him and caused some stress and inconvenience. But I haven't been provided with anything to say that all this has been the only cause or main cause of Mr W's recent poor health and making an insurance claim inevitably causes some stress. So, I think the £150 compensation I have suggested feels fair taking everything into account.

Finally, I asked QIC if it could clarify the position surrounding how it got to the salvage figure. And our investigator asked about this as well. But it hasn't commented on this in response. However, as I've decided that it should lift the value of Mr W's car I don't propose to interfere with this. I say this as the percentage of the salvage value has been reduced because of the increase in valuation, so I think this represents a fair salvage value if Mr W chooses this method of settlement. And I note QIC told Mr W the salvage value was £5,520 in its final response letter so I don't propose to interfere with that now.

Given all of this, I still think the fair and reasonable thing to do, in the particular circumstances of this case, is for QIC to increase the valuation of Mr W's car to £15,950 plus

8% simple interest and Mr W can decide how he wants to settle the claim. Additionally, it should pay Mr W £150 compensation

### **My final decision**

It follows, for the reasons given above, that I partly uphold this complaint. I require QIC Europe Ltd to

- increase the valuation of Mr W's car to £15,950;
- and to allow Mr W to choose how he wants the claim to be settled - either pay the CIL settlement it offered originally; or the market value of his car (£15,950); or the market value of his car and allow him to keep the salvage, at a cost of £5,520, - as per Mr W's wishes deducting any excess due;
- adding 8% simple interest to any settlement figure from the date of the incident until the date of payment; and
- pay £150 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 9 November 2022.

Colin Keegan  
**Ombudsman**