

The complaint

Ms D complains about how Tesco Underwriting Limited (Tesco) didn't offer her enough for her vehicle and provided her with poor service when she made a claim on her motor insurance policy.

What happened

Ms D had a motor insurance policy with Tesco covering her vehicle. Her vehicle was stolen and she made a claim.

When the vehicle was stolen, it included some of Ms D's personal belongings. Tesco have paid out for these, and it's my understanding that Ms D is happy with this aspect of the claim.

As Ms D's vehicle wasn't recovered, Tesco offered to pay her its market value. It valued the vehicle at £24,750.

Ms D wasn't happy with this amount and supplied copies of adverts for similar vehicles. She was also unhappy about Tesco's service during her claim. She says she was on hold for periods of over 50 minutes and wouldn't get a response from Tesco unless she chased it up.

Ms D remained unhappy with Tesco's valuation and she brought her complaint to this service. She asks for a higher valuation of £26,795.

Our investigator looked into Ms D's complaint and upheld it. He considered the values listed by various trade guides, and said he thought the vehicle's value should have been £25,058, plus interest at 8% simple.

Ms D didn't agree with the view. She asked that her complaint was reviewed by an ombudsman, so it has been passed to me to make a final 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.

I can see from Tesco's policy wording that it will pay the market value of a vehicle. In the policy wording it defines the market value as:

"The cost of replacing the car with one of a similar age, type, mileage and condition, immediately before the loss or damage happened."

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

I've researched Ms D's vehicle and I've found these values, provided by four different trade guides for the date when Ms D's car was damaged, which are based on a vehicle with the same specification:

Company A £22,110

Company B £24,500

Company C £25,013

Company D £25,661

When one company is clearly an outlier, our approach is to discount that valuation. So I will remove Company A from my consideration. The average of the other three companies is £25,058, which is above the valuation arrived at by Tesco.

Ms D has supplied details of some vehicle adverts and I have looked at the information she's provided. I agree with her that these are examples of similar vehicles and the prices being asked in these adverts are sometimes higher and sometimes lower than the average figure I've calculated above. But the adverts aren't necessarily representative of the final selling price of any vehicle, which is what the trade guides track.

It's also important that I point out that Ms D's policy pays her for the vehicle value at the date of the loss, rather than at the date of writing when values may well have changed.

I'm persuaded that Tesco should increase its valuation from £24,750 to £25,058. I think Tesco should also add 8% simple interest from the date it paid the claim to the date it accepts my decision.

Ms D said in her complaint to this service that she was unhappy with the claims service provided by Tesco. I can't see that Tesco have responded to this point, and the rules of this service mean that I must allow Tesco to consider Ms D's point before I can take it into consideration.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. I direct Tesco Underwriting Limited to:

- Settle Ms D's claim for the theft of her vehicle at a figure of £25,058. It's my understanding that the claim has already been paid, and the figure above represents an additional payment by Tesco of £308.
- Pay Ms D 8% simple interest* per annum on this amount from the date Tesco paid the initial market value of the vehicle, to the date it accepts my decision.

*If Tesco Underwriting Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Ms D how much it's taken off. It should also give Ms D a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 17 November 2022.

Richard Sowden
Ombudsman