

The complaint

Mrs S has complained about the way Markerstudy Insurance Company dealt with a claim she made under her car insurance policy.

Her husband Mr S is representing Mrs S in her complaint.

What happened

On 25 October 2021 Mrs S's car was damaged in an incident and she made a claim to her insurer Markerstudy.

Mrs S's car is adapted for wheelchair use.

Mrs S complained to Markerstudy. She said she couldn't get through to it on the phone when trying to get an update on her claim. She said Markerstudy had told her the car was beyond economical repair, but then said it was repairable, then said it was beyond repair.

Mrs S needed a car to transport their disabled child to regular medical appointments - and so being without an appropriate replacement car was causing distress and inconvenience. She said Markerstudy failed to give an update as to the location or status of her car, whether it was to be repaired or not, and failed to offer a replacement car.

Mrs S had paid for additional cover under the policy with Markerstudy for the costs of a disability adapted replacement car for up to 14 days in the event of a claim.

Mr and Mrs S paid for a replacement hire car from 23 November 2021 until 8 January 2022. And they paid for some taxi fares.

In January 2022 Markerstudy offered a total loss settlement for the car of £4,615. Mrs S said this wasn't enough to buy a suitable replacement car with the adaptations the written off car had.

Mrs S said a more reasonable amount to buy a replacement car was £5,800. She asked Markerstudy to cover the costs of the losses she incurred in car hire and transport costs. And she wanted Markerstudy to pay £2,000 compensation for the distress and inconvenience caused. She said they'd spent over 40 hours waiting to get through by phone and on live webchat.

Markerstudy upheld some of Mrs S's complaints. It accepted it had caused delays having Mrs S's car assessed and reaching a final decision as to whether it was repairable or not. This didn't happen until 14 January 2022. A total loss payment was sent to Mrs S on 4 February 2022. Markerstudy apologised for the long wait times Mrs S had experienced while trying to speak to it to discuss her claim.

It paid Mrs S £350 compensation for its poor service. It reimbursed Mrs S's transport costs and replacement hire car costs from 20 November 2021 to 8 January 2022. It provided a replacement hire car from 8 January 2022 until 1 February 2022.

Markerstudy said the total loss settlement it paid of £4,615 was fair. It based the valuation on two of the main motor trade guides for a standard similar car to Mrs S's. It spoke to a specialist company that deals in disability adaptations and they estimated the costs from

new to adapt Mrs S's car were between £10,000 and £12,000. After applying a depreciation to the sum of £12,000, it came up with a sum of £2,000 which it added to the starting valuation of £2,615.

Our Investigator thought Markerstudy had done enough to put things right for the complaints Mrs S made - apart from the total loss settlement.

He explained that we find it's unlikely for a customer to be able to find a similar car with the same adaptations on the open market to buy as a replacement vehicle in these circumstances. And so in addition to paying a fair market value for an equivalent standard car, we expect an insurer to indemnify a customer against the loss of the adapted vehicle plus the costs of having it adapted 'today'.

So the Investigator recommended Markerstudy increase the total loss settlement by £9,000, being the average of £11,000 estimated by the specialist company to adapt the car in today's market - minus the additional £2,000 Markerstudy had already paid. He recommended Markerstudy pay interest on the difference at a rate of 8% simple interest.

Mrs S accepted the Investigator's findings. Markerstudy disagreed. It says it has paid a fair valuation in line with the policy terms - and Mrs S asked for a fairer settlement of around £5,800.

So it wants an ombudsman to decide.

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.

The remaining issue for me to decide is whether Markerstudy paid a fair market value - or total loss settlement - for Mrs S's car.

Markerstudy's policy says the most it will pay in the event of a claim is the market value of the vehicle at the time of loss. It defines the term 'market value' as:

"The cost of replacing the insured vehicle at the time of loss or damage compared with one of the same make, model, specification and condition.....The market value will be assessed by an automotive engineer in conjunction with the published trade guides at the time of loss."

As a starting point, we checked the available main motor trade guides. We find they are reliable in deciding a valuation as they are based on research establishing likely selling prices for a car of the same make, model, condition, mileage and age as Mrs S's for the month of loss.

Of the two guides available, the 'retail transacted' valuations were £2,615 and £3,687.

Markerstudy used the lower of the valuations of £2,615 and added £2,000 as a depreciated sum for the adaptations. This was based on a specialist company's estimate obtained by Markerstudy's engineer. The engineer wrote:

"I spoke to a vehicle disabled access adaptation company, (name of company inserted here) they said approximate cost for that particular conversion on that vehicle would have been in the region of £10,000 to £12,000 of course we have to take into account depreciation based on the vehicle depreciation.

£12,000 x 15.1% = £1,812 and we have increased PIV (market value settlement) by £2,000 so this would suggest PIV (market value settlement) is fair."

We expect insurers to settle at the actual cost of adapting a vehicle, on top of a fair guide amount for that make and model. This is a fair way to indemnify a policyholder so that they have enough money to buy a replacement vehicle. This ensures they've received the market value - in Markerstudy's words - being *"the cost of replacing the insured vehicle at the time of loss or damage with one of the same make, model, specification and condition"*.

I don't think the fact that Mrs S may have suggested a lower value for a replacement vehicle changes our approach in deciding a fair way to resolve the complaint. I'm upholding this complaint as set out below.

My final decision

My final decision is that I uphold this complaint. I require Markerstudy Insurance Company Limited to do the following:

- Increase the total loss settlement it paid Mrs S by £9,000 as the difference in the estimated costs to adapt a similar vehicle in today's market.
- Pay interest on this amount at a rate of 8% simple interest a year from the date of the claim to the date it pays Mrs S.

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

Geraldine Newbold
Ombudsman