

The complaint

Mr S complains about how Skyfire Insurance Company Limited dealt with a claim on his car insurance policy.

What happened

Mr S's car was damaged, so he claimed on his policy with Skyfire. Skyfire accepted the claim and deemed Mr S's car as what is known as a "total loss". Because of this Skyfire said it would record the loss accordingly and offered Mr S £3,830 as the market value of his car.

Mr S didn't think Skyfire had offered enough for the market value of his car. He also said he had uninsured losses he wished to claim. Skyfire said it would pass his details to the insurer who covered the legal expenses part of his policy to look at recovering his uninsured losses. It also reviewed the valuation of the car and maintained its position that its offer was fair. Skyfire said it had based the valuation on three motor valuation guides and offered the highest of all three guides.

Mr S didn't agree and complained, he said the value was too low and there had been delays in handling his claim. He specifically referred to a delay in passing his details to the legal expenses insurer. He also said the wrong salvage category had been applied to the car and that it had also been applied to his new car incorrectly.

Skyfire reviewed the complaint and partially upheld it. It found that the wrong salvage code had been applied to the car and that it had also applied a salvage code to Mr S's registration number, which he'd assigned to his new car and so the salvage code had incorrectly been applied to that car as well. Skyfire said it had amended its records as well as external ones. It said the salvage marker error shouldn't have any impact on Mr S unless he had sold or MOT'd the cars while the incorrect salvage code was on it, but Skyfire did offer compensation for the error. Skyfire also acknowledged the delay in passing his details to the legal expenses insurer. In total Skyfire offered £150 compensation for the poor claim handling but maintained the valuation was fair. As Mr S didn't agree he referred the complaint here.

Our investigator looked into the complaint and didn't recommend it be upheld. She found that Skyfire had made errors in handling Mr S's claim, specifically the salvage code, poor claim handling and the delay in the referral to the legal expenses insurer. However, she thought £150 compensation was fair and reasonable in the circumstances. She also found that Skyfire's valuation of Mr S's car was fair as it was within the range of the trade guides we use. Mr S didn't agree, he said the compensation wasn't enough and he hadn't received any compensation from Skyfire. He also repeated his previous complaint points to show why he didn't agree.

As Mr S didn't agree the complaint has come to me 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 terms and conditions of Mr S's policy say that if Skyfire deem his car a total loss, it will pay him the market value. It defines market value as *"The cost of replacing your car with one of a similar make, model, age, mileage and condition based on market prices at the time of the accident or loss."*

Our service doesn't value cars. Instead we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant trade guides. I usually find these persuasive as they're based on nationwide research of sales prices.

The four motor valuation guides we use provided values of £3,278, £3,491, £3,786 and £3,830. Our general approach to motor valuations complaints would be to say if an insurer's valuation is within the range of these guides and there isn't other evidence to suggest a different value, then we'd likely say their valuation is fair and reasonable. In Mr S's complaint I've not been provided with sufficient evidence to suggest a different valuation for his car would be fair. Considering Skyfire's offer is at the top of the range of guides, I'm satisfied Skyfire has acted fairly and reasonably when valuing Mr S's car.

However, I have also considered the poor claim handling by Skyfire. It's disappointing to see the wrong salvage code was applied to Mr S's car as it applied a salvage code "B" rather than an "N". Skyfire also applied a salvage code to completely the wrong car. While it is disappointing this happened, I've also noticed Skyfire quickly resolved it when it became aware of the issue and offered Mr S compensation for the distress and inconvenience this caused.

Skyfire also acknowledged its error in handling Mr S's claim and not passing his details onto the legal expenses insurer when it should have. When considering Mr S's complaint, I've taken into account all the failings and delays by Skyfire. And while I understand Mr S's frustration, I'm satisfied that £150 is fair and reasonable compensation for them. I've noted that Mr S has said he hasn't received the compensation, therefore Skyfire need to pay Mr S £150 for the distress and inconvenience caused, if not already done so.

My final decision

For the reasons explained above. My final decision is that £3,830 is a fair and reasonable valuation. Skyfire Insurance Company Limited also need to pay Mr S £150 compensation for distress and inconvenience, if not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 March 2023.

Alex Newman
Ombudsman