

The complaint

Miss H complains that Advantage Insurance Company Limited (Advantage) hasn't settled her claim on her car insurance policy fairly.

What happened

Miss H's car was stolen, so she made a claim on her car insurance policy.

Advantage accepted Miss H's claim and offered her £8,287 to settle it (minus her policy excess). This offer was based on the valuations given by two of the motor trade guides.

Miss H didn't think this offer was fair and believes her car was worth about £400 more. She complained to Advantage about its valuation and, when it didn't uphold her complaint, brought it to us.

The investigator who looked at Miss H's complaint upheld it. She thought Advantage should value Miss H's car at £8,471. Miss H accepted our investigator's findings. Although Advantage asked our investigator to send it the valuations she'd got (which she did), it hasn't responded to our investigator's findings.

So Miss H's 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.

Having done so, I've decided to uphold Miss H's complaint.

My starting point is Miss H's car insurance policy. This says, if Miss H's car is lost because of theft, Advantage will pay the market value of her car immediately before the loss. It says the car's "market value" is the cost of replacing Miss H's car in the UK at the time of the loss with one of the same make, model, age and condition as her car.

Generally, it's not our role to put an exact value on a car. But, when looking at a complaint like Miss H's, we check the relevant motor trade guides to see if the insurer has made a reasonable offer in line with them. We place weight on the valuations these trade guides give because they're based on nationwide research of likely selling prices, so we think they're more reliable than, for example, individual adverts.

Advantage based its valuation of Miss H's car on two of these guides. But there are four guides from which valuations are generally available and it's our approach to check all of them. Our investigator did this by getting valuations from the two motor trade guides hadn't used, one of which she discounted as an outlier (which is in line with our approach). And she re-ran the valuation for one of the guides Advantage had given us because it had used an incorrect incident date for the valuation. This produced a higher valuation. She then took an average of the three valuations to reach a figure of £8,471.

As I've already mentioned, Miss H accepted this valuation but Advantage hasn't responded to it. Having looked at all the evidence I have, I think the valuation we have given of £8,471 is fair and reasonable and in line with the terms and conditions of Miss H's policy.

My final decision

For the reasons I've given, I uphold Miss H's complaint and direct Advantage Insurance Company Limited to settle Miss H's claim for the theft of her car on the basis of a valuation of £8,471.

I understand from Miss H that Advantage Insurance Company Limited has paid her £8,142 (that is, its original settlement amount of £8,287 minus her policy excess of £145). So Advantage Insurance Company Limited must pay Miss H the outstanding balance to settle her claim. Advantage Insurance Company Limited must also pay Miss H simple interest at the rate of 8% a year on that outstanding balance from the date it paid Miss H the original settlement amount to the date of payment of the balance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 30 May 2023.

Jane Gallacher
Ombudsman