

## **The complaint**

Miss H complains about the amount paid out by QIC Europe Ltd (“QIC”) under her car insurance policy when her car was stolen.

## **What happened**

Miss H had a motor insurance policy with QIC covering her car.

In February 2022 her car was stolen and she made a claim from QIC.

QIC said it would settle her claim for £2,200, which was the amount Miss H had paid for the car in 2019, and was the amount shown on her policy schedule.

Miss H didn’t agree with this amount, and she complained. She says car prices have generally risen since she bought her car and she couldn’t find a similar one for the value QIC had given her.

QIC looked into her complaint and didn’t uphold it. It said it had applied the limit shown on her policy schedule to the claim:

*“Market value - the cost of replacing the vehicle with another of a similar make, model, age, mileage and condition as at the time of the loss or damage, up to the value stated in your policy schedule.”*

Miss H remained unhappy with QIC’s valuation and brought her complaint to this service.

Our investigator looked into Miss H’s complaint and upheld it. He said QIC’s policy was written on a “market value” basis and as such Miss H could reasonably expect to receive the market value of her car from it. So, he said QIC should settle Miss H’s claim by paying her the market value for the car, plus interest. He looked at the trade guide values which gave an average value for the car of £5,395.

Miss H accepted the view, but QIC didn’t agree. It referred to other cases with this service where the amount paid was limited to the amount on the schedule.

Because QIC didn’t agree, this complaint has been passed to me for 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’ve looked at QIC’s objections to the view. It sent this service details of two other cases in its objections, but they aren’t relevant to Miss H’s complaint. This service considers each case on its own merits, and having looked carefully at Miss H’s complaint, I’m going to uphold it. I’ll explain why.

## **Policy cover**

QIC has said in its final response letter:

*“Your policy held with [QIC] is a market value policy.”*

It's important that I say that this policy is a market value policy, rather than an agreed value policy. When she applied for cover originally, Miss H put the value of the car as £2,200 because that is what she had paid for it in 2019.

By using the amount on the schedule as a limit to the claim, QIC have applied a limit that only benefits itself, not Miss H. If the market value of Miss H's car is above the amount shown on the schedule, QIC only need pay the lower amount; if the market value is below that stated on the schedule, again, QIC only need pay the lower amount.

From the evidence I have, had Miss H said her car was worth £5,395 then QIC would not have charged her any more to insure it. So, QIC hasn't been prejudiced by Miss H using the price she'd bought the car for as the value on her policy schedule, and I don't find that limiting the value of Miss H's settlement to the amount shown on her schedule leads to a fair result.

### **Valuation**

This service doesn't provide valuations for vehicles, but looks to whether the insurer's offer is reasonable.

But I've said above that I don't think it's reasonable for QIC to have limited Miss H's claim in the way it did.

Our usual approach is to use trade guides to establish whether an offer is fair and reasonable.

Miss H's car is a rare model, and its age means that there's limited data available to understand its market value.

I've done some research into the car and I've found these values, provided by two different trade guides, for the month her car was stolen, which are based on a vehicle with the same specification and mileage:

Company A: £3,770

Company B: £7,019

Taking the average of these two values gives a market valuation (rounded) of £5,395.

It's my understanding that QIC has already settled Miss H's claim for £2,200, less her excess. So I also think it's fair to ask QIC to pay interest on the difference between the market value above, less Miss H's excess, and the amount it has already settled the claim for.

### **My final decision**

My final decision is that I uphold this complaint. I direct QIC Europe Ltd to settle Miss H's claim at a market value of £5,395.

QIC Europe Ltd should also add interest at 8% a year simple to the difference between the amount it has already settled Miss H's claim for, and the market value I've said above less Miss H's excess, from the date it original settled her claim, to the date it makes this payment.

QIC Europe Ltd must pay the amount within 28 days of the date on which we tell it Miss H accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 10 March 2023.

Richard Sowden  
**Ombudsman**