

The complaint

Mrs F is unhappy with Covea Insurance plc's valuation of her car when she made a claim on her motor insurance policy.

Mrs F is represented by her son Mr F. For ease I've referred to comments made by Mr F as being made by Mrs F.

What happened

Mrs F says a third-party driver collided with her car while it was parked and so she made a claim on her car insurance policy. Covea deemed the car a total loss and valued it at £1,288.

Mrs F didn't think its valuation was fair but Covea didn't change its position. It said it had looked at four vehicle valuation guides, but only one of the guides gave a value for the car. It said, to reach its final valuation, it adjusted the guide price to take into account the low mileage of Mrs F's car, and it also looked at adverts for similar cars.

Mrs F still didn't accept its valuation and brought her complaint to our service. Mrs F says due to the rarity of her car, and its increasing desirability, she believes it is worth much more, and she says it would cost more than Covea offered to replace it with a like for like car.

Mrs F would like Covea to increase its valuation to £1,995. She says she would also like to be compensated for the unnecessary stress and loss of mobility caused by delaying this claim. Mr F says he would also like to be compensated at his hourly rate of £20 for the 15 hours he says he spent writing emails, on phone calls and in writing his mother's complaint.

Our Investigator thought the complaint should be upheld. She said Covea should consider the advert Mrs F provided us, and pay the average between this figure, and its valuation. Our investigator said it should increase its valuation to £1,641. But she didn't think Covea needed to compensate Mr F.

Covea didn't agree, it said the investigator should also take into consideration the market example it provided and take an average of the three figures. It therefore offered to increase its valuation to £1,492.67. Mrs F didn't accept this offer and our investigator didn't change their opinion. As such, the complaint has been passed to me to decide.

I issued my provisional decision on 30 January 2023 in which I said:

"This service's role isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of a policy correctly and taken reasonable steps to ensure a fair valuation was reached. Under the terms of Mrs F's policy, Covea must pay her the market value of the car at the time of the loss, less her policy excess."

The market value is defined in the policy as:

"The cost of replacing the Insured Car with one of the same make, model, age, mileage, specification and condition at the date of accident or loss."

Mrs F says she couldn't replace her car with a like for like one for the amount Covea paid her. The valuation of a used car isn't an exact science, and it's standard practice for the industry to use valuation guides to work out the estimated market value of a car. And it's not unreasonable that it does so, as the valuations the guides give are based on national research on likely selling prices of similar cars with similar age and mileage for sale at the time of loss. We usually find the valuation guides more reliable than individual adverts which can vary vastly in price, and often advertised prices allow room for negotiations.

Occasionally, we find the guides aren't able to provide a valuation for a car or don't provide a value we think is fair. This is usually when a car is rare or a limited edition. In this case, due to the age of Mrs F's car, most of the valuation guides couldn't calculate a value for it. When that happens, we think it's reasonable for an insurer to consider adverts for similar cars available.

Firstly, I understand Mrs F says her car is rare and it's becoming more desirable. I accept that due to its age there aren't as many cars like it available for purchase in the market, but I've not seen enough evidence to persuade me its value has increased a significant amount for this reason.

Covea was able to obtain a valuation from one guide, which valued Mrs F's car at £872. Covea says it applied a mileage adjustment to account for the low mileage of Mrs F's car. However, it hasn't told us how it calculated this figure. While I accept Covea made allowances for the fact Mrs F's car had a lower than average mileage, I'm not persuaded the guide price represents a fair base value for its calculations. I say this because, the guide only provides one example of a similar car which sold around the time. This car had travelled around 90,000 miles, but when compared to other cars with a similar or higher mileage, I find the price stated for this car to be out of line with advertised prices I've seen for similar cars. So, I think it's reasonable to discount the guide price from calculations.

Covea says it also looked at cars available on the market as part of its research. I've considered the advert it provided for a similar car on sale for £1,195. While this car had three instead of the five doors Mrs F's had, I found it represented the closest comparable vehicle I've seen. This is because, it is close in age and of a similar model, specification, and mileage as Mrs F's car.

Covea says it also considered the adverts Mrs F initially provided to it, but it found the adverts were obtained from a bidding website and the majority of the adverts were for vehicles from a different year, in a better condition or had been modified. So, I don't think it was unreasonable for Covea to discount them from its calculations.

Mrs F says she would like Covea to increase its valuation to £1,995, this is based on an advert for a similar car she had seen. I've looked at the details of the car, and I found differences to Mrs F's car. For instance, it is a different model variation and it is an automatic car while Mrs F's was manual. I think it's important to note that variations such as those I've mentioned can have an impact on a car's value. However, I note the car is one of very few of a similar mileage to Mrs F's car and it has the same engine size. So, in the circumstances, I don't think it's unreasonable to take this car into consideration because there are so few available of exactly the same specifications as Mrs F's, and even fewer available of a similar mileage.

As I said, the valuation of a used car isn't an exact science, but in the circumstances of this case, I think a fair way to settle things would be to take an average of the two adverts, the one provided by Mrs F of £1,995 and Covea's of £1,195. Therefore, I think Covea should increase its valuation to £1,595 and pay Mrs F the difference between this figure and what it's already paid. It should also pay 8% simple interest on the difference from the date it paid

her to the date the additional payment is made.

Our investigator didn't think Covea needed to compensate Mr F for the time he spent on this complaint. And I agree, this is because, Mr F isn't an eligible complainant here, that would be Mrs F. I've also considered whether it ought to compensate Mrs F for the inconvenience she faced, but in these particular circumstances I don't think it needs to. The process of making a claim isn't always hassle free. When a policyholder disagrees with a valuation, some level of input from the policyholder is to be expected. I don't find the level of inconvenience in this case beyond what I would consider reasonable when making a claim. So, I don't think Covea needs to compensate Mrs F for this."

Mrs F responded to my provisional decision with the following:

- She says that even though they were from a bidding website, the adverts she sent to Covea were classified adverts and not bidding adverts.
- Mrs F says that due to the time taken to settle the claim, she is now left to pay today's market value to get a replacement. She says there are only two of the same cars for sale in the UK.
- She thinks the time it's taken to settle the claim goes beyond what most people would reasonably expect when settling a claim.
- Mr F thinks he should be compensated as he was on the insurance policy as a named driver. He says Mrs F is unable to argue her case herself and he is within his rights to charge Mrs F for his time.

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 taken Mrs F's additional comments into considering. Having done so, I don't intend to depart from what I said in my provisional decision and I'll explain why.

I accept the adverts Mrs F provided to Covea were classified, and the cars were not to be bid on. Covea also said the majority of the adverts were for cars from a different year, that were in a better condition or had been modified. Having reviewed these adverts, including those which Mrs F specifically highlighted in her response to my provisional decision, I don't think it was unreasonable for Covea to exclude these adverts from its calculations.

Mrs F says because of the time it's taken to settle the complaint she'll pay current market prices. The terms of the policy require Covea to pay the market value taking into consideration the age, mileage, specification, and condition of the car. As I said in my provisional decision, the valuation of a used car is not an exact science. I accept the car was of a lower than average mileage, but I must consider its overall condition. Covea's engineer's report indicates that the car was in fair condition, and looking at the photographs of it, I think what it said is reasonable.

I've looked at the most recent adverts Mrs F provided. One advert is for a car which while previously written off, the advert states the car includes additional extra features that I don't find Mrs F's car had. I've also carried out my own research, and I find this advert out of line with prices for similar cars on sale. I've also looked at the second advert Mrs F provided, however this states the car recently had work carried out to it, which I find would likely improve its condition and the price it might sell for. I'm satisfied it was in overall better condition than Mrs F's car.

As I also said in my provisional decision, advertised prices usually allow room for negotiations, and cars often sell for less than advertised. Taking all this into account, I'm

satisfied £1,595 is a fair valuation for Mrs F's car.

I've reviewed Mrs F's policy documentation, I note a named driver on the policy with the same surname as hers, however I find Mr F was not the person named on this policy. Under the rules that govern our service, we can only consider complaints brought by an eligible complainant, and it follows that we would only ask a business to compensate the eligible complainant, who had the required relationship with the business. I know this will be disappointing to them both, but I can't tell Covea to compensate Mr F for his time while acting on behalf of Mrs F. This is because, he is not the eligible complainant here. I understand Mr F says he may still charge Mrs F for his time, but that's not something I think Covea needs to compensate for.

In light of all this, I require Covea to increase its valuation to £1,595. It should also pay 8% simple interest on the settlement amount it pays Mrs F from the date of the claim to the date the payment is made.

My final decision

For the reasons mentioned above, I uphold this complaint and require Covea Insurance plc to increase its valuation to £1,595. It should pay 8% simple interest per annum on the settlement it pays Mrs F, from the date of the claim to the date the payment is made.

If Covea Insurance plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs F how much it's taken off. It should also give Mrs F 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 Mrs F to accept or reject my decision before 22 March 2023.

Oluwatobi Balogun
Ombudsman