

The complaint

Mr F complains about the valuation given for his car by Markerstudy Insurance Company Limited, after he made an insurance claim following an accident. Mr F is also unhappy about storage charges deducted from the settlement figure.

What happened

To summarise, on 8 May 2021, Mr F was involved in an accident. His car was recovered to a garage and he subsequently made a claim on his insurance policy. Mr F's car was deemed a total loss. Markerstudy initially offered Mr F £16,700 as the pre-accident value of his car. This was later revised to £18,098. Mr F had chosen to use his own repairer. So Markerstudy charged Mr F £1650 storage costs, incurred whilst his car was with his chosen garage. It didn't charge him for recovery.

Mr F was unhappy with Markerstudy's valuation and with the deductions for storage. He complained, but Markerstudy maintained its position.

Mr F remained unhappy and brought his complaint to the Financial Ombudsman Service. Our investigator thought Markerstudy's valuation was fair. But he didn't think Mr F should have to pay all of the storage costs. He thought it was fair for Markerstudy to charge Mr F 21 days storage, but that it should refund the rest. He also thought Markerstudy should pay Mr F £100 compensation for distress and inconvenience.

Markerstudy accepted our investigator's view in part. It disputed the number of days storage for which it was liable, but agreed with the proposed compensation. Mr F didn't accept Markerstudy's offer. As both parties wanted an ombudsman to review things, the case has come 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.

Having done so, I'm upholding Mr F's complaint in part. I'll explain my reasoning.

Valuation

My role is to decide whether Markerstudy acted fairly and in line with the policy terms, when reaching a valuation figure for Mr F's car. Mr F's policy with Markerstudy says the most it will pay in the event of a claim is the market value of the car immediately before the loss. It defines this as:

'The cost of replacing the insured vehicle...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.'

It's standard industry practice, and our approach, to use trade guides as a reliable way to reach a valuation. And when considering a valuation complaint, our service will review the trade guides to assess the overall fairness of the business's figure. Markerstudy said it used three guides, which gave values of £17,720, £18067 and £18,130, figures which our investigator also checked. Markerstudy's revised valuation of £18,098 is in line with the two highest trade guides. So I'm satisfied Markerstudy acted fairly and that the valuation figure for his car was reasonable. I'm aware Markerstudy made an interim payment to Mr F in January 2023 for the value of the car, less excess and storage costs.

Storage costs

Mr F chose to use his own garage. As he didn't want to use one of Markerstudy's approved repairers, Markerstudy explained to him, in its introduction letter in May 2021, the potential implications of using his own repairer. That is, he *'may become liable for any unnecessary or unreasonable storage and recovery costs incurred.'* This was also explained in a phone call, although Mr F says he didn't appreciate the implications. Nevertheless, he was given the information. However, that doesn't mean Mr F is liable for all costs – just potentially for any unreasonable and unnecessary ones. Indeed, recovery and storage costs are part and parcel of dealing with an insurance claim. So I would expect an insurer to cover most of those costs in most circumstances.

I've looked at the communication between our investigator and Markerstudy. I've noted some minor discrepancies about dates. So for clarity regarding the basis of my decision, I've set out in the table below what I consider to be the relevant periods, based on my review of that communication. I should also say that from the information it provided, Markerstudy's deduction of £1650 from Mr F's settlement figure was for 66 days storage at £25 per day, covering the period 19 May 2021 to 23 July 2021. In error, Markerstudy omitted to charge Mr F VAT. However, it was still a cost Markerstudy incurred in settling his storage charges.

<i>Total period</i> <i>19 May 2021 – 23 July 2021</i>	<i>Number</i> <i>of days</i>	<i>Position before referral for Final Decision</i>
19 May – 2 June	15	Mr F liable due to delay in providing an estimate for repairs from his garage.
3 June – 10 June	8	Markerstudy accepts liability as it was reviewing the estimate. It's initial offer was sent 10 June.
11 June – 16 June	6	Period remains in dispute.
17 June – 22 June	6	Mr F liable due to delay responding to offer.
23 June – 11 July	19	Period remains in dispute. Markerstudy says Mr F indicated there were potential storage costs on 6 July, but this wasn't confirmed until later.
12 July – 23 July	12	Markerstudy accepts liability from 12 July onwards.

I've considered the two periods which our investigator thought were reasonably charged by Markerstudy, due to delays on Mr F's part. As a condition of his policy, Mr F was under an obligation to give his co-operation, information and assistance in dealing with the claim. Markerstudy had to chase Mr F for the estimate, so I think it was reasonable to charge Mr F

for the first period 19 May - 2 June. I also think it was reasonable to charge for the second period outlined by our investigator, 17 – 22 June. Mr F was sent Markerstudy's offer on 10 June. As he rejected this offer, I would've expected him to contact Markerstudy more promptly, so that matters could be progressed.

I was pleased to see Markerstudy accept liability for two periods; 3 – 10 June whilst it was assessing the claim and 12 July onwards, pending removal of Mr F's car from the garage.

This leaves two periods in dispute. Regarding the first period, 11 – 16 June, our investigator thought it was reasonable to allow Mr F a window in which to consider Markerstudy's initial offer. The offer was well below what Mr F was anticipating and I agree some time to think things through is reasonable. So I don't think Mr F should be charged for this period.

The remaining period in dispute is 23 June – 11 July. Markerstudy has said Mr F first told it of potential storage charges on 6 July. But I think it was open to Markerstudy to check the position with Mr F when he contacted them on 22 June to dispute the settlement, and to make enquiries with the garage at an earlier date. So I don't think Mr F should be charged for this period either.

This means I think Markerstudy legitimately charged Mr F for 21 days storage between 19 May – 2 June and 17 June – 22 June. The cost to Markerstudy was £630 (21 days x £25/day + VAT = £630. As Markerstudy paid VAT on the charges for those days, I think it's fair to include VAT in the amount it's entitled to retain. So Markerstudy needs to refund Mr F the £1650 it charged him, less the £630 it's entitled to retain. That is, a refund of £1020.

As Mr F initially declined an interim payment, and so did not incur this loss until recently, I'm not going to add 8% interest to the refund.

Finally, Markerstudy has agreed to pay Mr F £100 compensation in recognition of the distress and inconvenience caused. I think this figure is fair.

Putting things right

To put things right, Markerstudy should:

- Refund Mr F £1020 for storage costs unfairly deducted from his settlement
- Pay Mr F £100 compensation for distress and inconvenience

My final decision

My final decision is that I uphold this complaint and direct Markerstudy Insurance Company Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 April 2023.

Jo Chilvers
Ombudsman