

## **The complaint**

Mr H has complained about the amount Haven Insurance Company Limited paid in settlement of a claim he made under his motor insurance policy.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat them again in full detail here. But to briefly summarise Mr H is unhappy with the valuation placed on his car following a total loss claim under his policy.

Our investigator thought Mr H's claim should be upheld. She said Haven had reached its valuation using the incorrect mileage for Mr H's car. She obtained her own valuation using two of the recognised motor industry trade guides our service typically relies on when assessing complaints about motor valuations. The average of the valuations returned was £8,587.50, compared to Haven's valuation of £8,170, so she recommended Haven should increase its settlement in line with her valuation.

Haven accepted our investigator's assessment, but Mr H didn't. So, as no agreement has been reached, the complaint has been passed 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 agree with the conclusions reached by our investigator. I'll explain why.

Mr H has complained that he paid around £11,000 for his car, which is significantly higher than the valuation placed on his car by Haven.

I can appreciate Mr H's desire to be covered for the amount he purchased his car for. But his policy doesn't provide that level of cover. Rather, it covers him for the market value of his car, at the time of loss – which is fairly standard within the motor insurance industry.

Market value is defined in the policy as:

### ***"Market Value***

*The cost of replacing Your Car with one of similar make, model and specification, taking into account the age, mileage and condition of Your Car. To determine the Market Value, We will typically request the advice of an engineer and refer to guides and any other relevant sources."*

Haven initially deemed the market value of Mr H's car to be £7,300. But this was later increased to £8,170 and an amount of £1,375 (£8,170, less the policy excess and salvage value) appears to have been paid to Mr H in August 2022 as an interim payment, while he disputed the overall valuation.

Haven based the increased valuation on one of the recognised industry trade guides, Glass's. However, our investigator highlighted that Haven had used an average mileage figure, rather than a more accurate figure obtainable from the most recent MOT certificate.

Our investigator ran her own valuation using the more accurate mileage figure on Glass's and another of the trade guides, CAP. She also attempted to use two other guides, Cazoo (formerly Cazana) and Autotrader– but neither could return a valuation as the loss was more than two years ago. Our investigator's updated valuations were:

- CAP – £8,995
- Cazoo – £8,180

Based on these valuations, our investigator said a fair market value for Mr H's car would be £8,587.50 – the average of these two figures.

As explained by our investigator, our service's typical approach when considering complaints about fair market value takes into account what the market leading motor trade guides say the market value is. These guides are independent from the insurance industry, and from one another. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations. We're confident these guides give a good reflection of the true market value of a vehicle.

I should also point out that our service typically finds these motor trade guides to be more persuasive than sales adverts. This is because advertised prices are often the starting point of a negotiation and are what the seller would like to achieve, rather than the final price the vehicle actually sells for. It's also particularly important to note, in this case, that the adverts provided by Mr H are for cars with lower mileage or slightly different specifications than his car, which is also likely to have an impact on the advertised price.

Ultimately, our investigator has followed our service's typical approach to reaching a fair valuation and Haven has accepted her increased valuation. I've considered the additional information provided by Mr H, but it isn't sufficient to persuade me that the valuation arrived at by our investigator is unfair or unreasonable. So, I'll not be directing Haven to increase the settlement in this case, beyond the slight increase our investigator recommended (and Haven accepted).

That said, Haven's system notes indicate it paid Mr H £1,375 as an interim payment in August 2022. Had Haven correctly valued Mr H's car at the time, he would have been paid the correct valuation, less the policy excess and salvage, at that stage. So, I think Mr H has been out of pocket for the difference between the two, from August 2022 until now, as a result of Haven's error.

To put this right, Haven should add 8% simple interest to the additional amount due to Mr H, from the date it paid him the interim payment until the date of settlement, to compensate him for being deprived of the use of that money for other purposes. This is in line with our service's standard approach to awards where a consumer has been without funds as a result of a business's error – which Admiral is no doubt aware of.

## **My final decision**

For the reasons I've explained above, I uphold Mr H's complaint.

Haven Insurance Company Limited must:

- Settle Mr H's claim by paying the difference between the amount it has already paid and the amount it should have paid based on a valuation of £8,587.50.
- Add 8% simple interest\* to the amount remaining to be paid to Mr H, from the date it paid the interim payment until the date of settlement.

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

*\*If Haven Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

Adam Golding  
**Ombudsman**