

## **The complaint**

Mrs M complains about Skyfire Insurance Company Limited's handling of her car insurance claim.

All references to Skyfire also include its appointed agents.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my decision.

### *Our service's role*

Mrs M explained the claim has been recorded as a non-fault, so I can understand why she feels strongly about what's happened. For this she has my natural sympathy.

In response to our investigator, Mrs M said she feels our service should support the customer – and feels we haven't helped her.

Before I deliver my findings, I want to assure Mrs M I've thought about everything she's said very carefully.

However, I do wish to set out my role here, and the role of our service. My role is to provide an impartial decision on Mrs M's complaint against Skyfire. This means our service doesn't represent either party – be it consumers or financial businesses.

In delivering my findings, my role as an ombudsman is to decide how a complaint should be resolved, quickly and informally based on the facts of the case. So, in my decision I've focussed on what I consider to be the central issues to this complaint. In doing so I don't intend any discourtesy to Mrs M, or disregard to what she's said. It simply reflects the informal nature of our service and my role in it.

## **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 the investigator for these reasons:

- In the event of a total loss, the policy sets out the insurer will not pay more than the market value of the vehicle at the time of loss or damage.
- The policy defines market value as the cost of replacing the vehicle with one of a similar make, model, age, mileage, and condition based on market prices at the time of the accident or loss.
- My role isn't to value a vehicle, but to see if the insurer has made a fair offer in line with the terms and conditions of the policy. To do this we use the relevant trade guides as we think it's the fairest way to value second-hand vehicles. We find these persuasive because their valuations are based on continued nationwide research

and likely sales figures. The guides refer to advertised and auction prices to work out what the likely selling price for the same vehicle would be. If a guide price is significantly higher or lower than the others, we may think it's reasonable to ignore it

- Skyfire have provided evidence it has consulted the relevant trade guides and these returned prices between around £11,830 and £15,309. Skyfire offered Mrs M £13,603 – which is in between the two valuations and in line with what our service would expect to see in the circumstances.
- Mrs M provided two examples of similar vehicles for sale. I've considered these, but retailers and private sellers tend to advertise for more than the vehicles eventual sale price. I also note the higher valued vehicle (at around £15,750) had around 22,000 miles less on the clock than what was reported on Mrs M's vehicle when Skyfire inspected it.
- I understand Mrs M feels Skyfire's offer isn't fair, and I've considered what she's said about the rise in the price of second-hand cars. But as I've set out above, I'm satisfied the settlement Skyfire offered is in line with what our service would expect. And I'm more persuaded the prices in the trade guides are an accurate reflection of the vehicle's market value and likely selling price. So, I'm satisfied Skyfire have acted fairly.
- I've listened to an excerpt of a call between Skyfire and Mrs M. In the call, the agent indicates what he believed the vehicle *could* be worth. But I think this was a rough estimate not a confirmation of the amount Mrs M would be offered. And when this was discussed, the vehicle hadn't been inspected by an engineer, or relevant trade guides consulted.
- I can understand Mrs M's disappointment when she was offered less than was mentioned, but I'm not persuaded this was confirmation of an offer from Skyfire or that it's misinformed her.
- Mrs M changed to a different vehicle following settlement. And has been charged around £537 more. It's not unusual for a difference in vehicle to impact the premiums charged by an insurer. And there are a range of factors that will be considered when an insurer determines the policy premium.
- We're not the industry regulator. That means it's not our role to tell an insurer how much it can charge for its policies. Neither is it our role to tell an insurer what factors it should consider when assessing risk to calculate a premium. Different insurers will have different views on what presents a risk and the extent of those. That's essentially a matter of commercial judgement. However, we would expect to Skyfire to treat Mrs M fairly and consistently in line with other consumers in similar circumstances.
- I've looked at underwriting information provided by Skyfire and how it's calculated Mrs M's premium. However, having done so, I've not seen any evidence to show it treated Mrs M unfairly in calculating it. Or that she's been treated differently to any other customer in the same circumstances. So, considering this, and that I think Skyfire's settlement offer is fair, as set out above, I don't think it's acted unfairly here.
- The new premium amount charged also included a £25 administration charge. This is a common feature in most Insurance policies, and I can see it is set out in the policy booklet. Considering the information available to me, I don't think Skyfire have acted unfairly in charging this fee.

### **Putting things right**

Skyfire's latest settlement offer was a revised figure, with an increase of around £43. It has also said it will pay Mrs M 8% simple interest on the increased amount. If it hasn't already made payment, it should do so. The interest should be calculated from the date it made the original settlement to Mrs M, to the date it makes the payment.

### **My final decision**

My final decision is that I uphold Mrs M's complaint.

To put things right I direct Skyfire Insurance Company Limited to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 13 April 2023.

Michael Baronti  
**Ombudsman**