

The complaint

Mr B has complained about the broker Herts Insurance Consultants Ltd trading as Sterling Insurance Services (Sterling). He says it failed to properly advise him about the market value when he applied for a car insurance policy online through a comparison website. He says the site prepopulated the market value which was well below the actual value of his car. He says Sterling failed to explain the consequences of this in the event of a claim, which he did make with the insurer of the policy.

What happened

Mr B bought a car insurance policy online through a comparison website. The broker for the policy was Sterling.

Mr B made a claim under his policy as his car was stolen. The insurer paid Mr B a market value for his car which he didn't agree with.

Mr B has made a separate complaint against the insurer about the market value it paid.

Mr B complained to Sterling. He said the website and therefore Sterling had prepopulated the market value at £7,000. He said he paid £10,000 for his car so he wouldn't have put a value in at £7,000.

Our Investigator didn't recommend the complaint should be upheld.

Mr B didn't agree. He said we had misunderstood his complaint. He said the website does input a value for a car. But he believes Sterling should have alerted him to the valuation amount before he bought the policy. Mr B explained that he has learning difficulties. He feels Sterling should have properly explained to him the consequences of having an accurate market value quoted on the policy in the event of a claim. He wants compensation for the distress he says Sterling caused him.

So Mr B wants an ombudsman 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.

When Mr B applied for the policy, he chose a policy from a comparison website. The broker for the policy he chose - Sterling - didn't provide advice on the suitability of the policy. This was a non advised sale.

I agree with Mr B that the comparison website provides a trade in value for a car once the registration details are added. However, I also think it was clear during the online journey - which I've followed - what assumptions were made about the valuation provided - and that Mr B had the option to change the valuation on the comparison website if he wanted to.

Before Mr B bought the policy, screenshots from Sterling - and my own checks - show that a policy summary is displayed by Sterling based on the information Mr B provided. This does show the market value - whether this has been prepopulated or changed by the consumer. So I think the valuation that Mr B set was available for him to check again before proceeding to buy the policy.

I understand Mr B feels Sterling should have done more to advise him of the importance of providing an accurate market value. And it should have warned him of what could happen in the event of a claim.

Sterling wasn't aware of Mr B's need for additional assistance as he didn't tell it. If he had, I would have expected to see that Sterling made reasonable adjustments to help Mr B with his application. So I can't criticise Sterling for not acting on something it wasn't made aware of.

Looking at the screen immediately before proceeding to buy a policy with Sterling, I can see it shows the estimated value of the car. So I think Sterling did make this clear. The estimated value was further set out under the policy schedule Sterling sent to Mr B along with the policy wording. And in the policy wording, it explains what will happen in the event of a claim and that the insurer will pay the market value - up to the amount Mr B declared.

As I've said, Mr B has raised a separate complaint about whether the value the insurer has paid is fair and a separate decision has been issued by this service about that complaint.

Mr B says he doesn't feel he should pay the balance premium due to the service he has received. Although this isn't part of the complaint we have investigated, Mr B has received a market value settlement from the insurer. In all insurance cases, where a claim has been made, the whole year's premium is due under the yearly contract.

I'm sorry to disappoint Mr B. But in their role as broker, I don't think Sterling has acted unreasonably. So I'm not asking it to do anymore.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 April 2023.

Geraldine Newbold
Ombudsman