

The complaint

Mr L has complained about the amount West Bay Insurance Plc paid in settlement of a claim he made under his commercial motor insurance (van) 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 L is unhappy with the valuation placed on his van following a total loss claim under his policy.

Our investigator didn't think Mr L's claim should be upheld. She said West Bay had reached its valuation using the same recognised motor industry trade guides our service typically relies on when assessing complaints about motor valuations. So, she thought it had reached a fair valuation.

Mr L didn't accept our investigator's findings. 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 outcome reached by our investigator. I'll explain why.

Mr L's policy covers him for the market value of his van, at the time of loss – which is fairly standard within the motor insurance industry.

Market value is defined in the policy as:

“The cost of replacing the insured vehicle (including permanently fitted accessories) with one of the same or similar make, model, year, mileage, and condition which applied immediately before any loss or damage...

...

The market value will be assessed by an automotive engineer in conjunction with the published trade guides at the time of loss”

West Bay initially deemed the market value of Mr L's van to be £9,985. But this was later increased to £10,931 following a review from one of its engineers. West Bay says the information it used to reach the final figure of £10,931 came from its engineer and from two of the recognised motor industry guides for obtaining motor valuations.

Mr L complains that the valuation placed on his van by West Bay is too low. He says he is unable to replace his van with one of a similar make and model for that amount.

Our investigator obtained her own valuations from the motor trade guides our service typically uses when assessing complaints about motor valuations. She used the correct mileage and date of loss when obtaining these valuations, which provided the following market value figures:

- Glass's: £10,320
- CAP (inc optional extras): £8,450
- Cazoo (formerly Cazana): £14,416
- AutoTrader: unable to provide a valuation

Our service's normal approach, in these types of complaints, considers that a valuation within the range of valuations returned by the trade guides is typically fair. In this particular case, there's a fair amount of variance between the valuations returned by the motor trade guides, so in order for West Bay's valuation to be fair, I would expect it to be around the average of the guides.

The average of the valuations above is £11,062 and West Bay's valuation was £10,931. Based on this, I consider that West Bay's valuation is fair and reasonable, as it is within the range of the valuations returned by the trade guides and is broadly in line (99%) with the average of those valuations.

I've thought carefully about Mr L's view that the motor trade guides are out of date and are paid for by the motor industry. Because of this he says a truer and fairer reflection of market value is advertised sale prices on motor trade websites. But I don't agree with Mr L on this point.

I say this because the motor trade guides are independent from the insurance industry, and from one another. Our service finds these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures all of which are updated regularly. 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've carefully considered the adverts highlighted by Mr L. Unfortunately, some of the links he provided to West Bay no longer work. But the one that does, includes several similar vans advertised at higher prices than the valuation arrived at by West Bay. However, I'm mindful that most of these vans have different registration years, significantly lower mileage or slightly different specifications than Mr L's van, all of which are likely to have an impact on the advertised price and which wouldn't necessarily be line with his policy definition of *'market value'*.

I should also point out that our service typically finds the motor trade guides to be more persuasive than sales adverts 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. So, based on the above, I don't find the adverts provided by Mr L to be more persuasive than the motor trade guides.

I've also considered the screenshot Mr L has provided from, what he says is, a trade login for AutoTrader. This shows a valuation for his van at £13,908. I appreciate this is higher than West Bay's valuation but I'm also conscious that it's from April 2023, rather than from the date of loss, which could be impacting the figure returned. It's also not clear to me whether this tool is similar to the trade guides, or whether it provides an estimate based on advertised prices on AutoTrader – which I've already explained I don't find as persuasive as the trade guides. And I've not been able to obtain a valuation using the usual AutoTrader trade guide our service has access to. So, in these circumstances, this information hasn't persuaded me that West Bay's valuation is unfair or unreasonable either.

I can see that Mr L's initial complaint to West Bay included concerns about the time it took to assess his claim. West Bay accepted its service had fallen short and paid Mr L £50 compensation. Based on everything I've seen, I think West Bay's handling of this element of Mr L's complaint was fair and reasonable, so I won't be directing it to take any further action.

My final decision

For the reasons I've explained above, I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 2 June 2023.

Adam Golding
Ombudsman