

## **The complaint**

Mr C complains about how U K Insurance Limited (UKI) handled his motor insurance claim.

UKI is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As UKI has accepted it is accountable for the actions of the agents, in my decision, any reference to UKI includes the actions of the agents.

## **What happened**

In early 2023, Mr C made a claim under his motor insurance policy with UKI after his car was damaged in an accident.

UKI deemed Mr C's vehicle a total loss. It told Mr C the vehicle had been valued at £2,088 and sent him a cheque for this amount, minus the £100 excess.

Mr C raised a complaint with UKI. His main concern was the valuation of the vehicle which he believed to be too low. He also raised some other concerns about the service he'd received from UKI. He hadn't been provided with a hire car, despite being told he would receive one. UKI hadn't offered him help in sourcing a replacement car. He thought the write-off had been categorised incorrectly and he hadn't been given the option to buy it back. And the settlement payment hadn't been sent by the method he'd requested.

UKI said its settlement offer was based on the market value of the car. It had determined this using an average of two trade guides and the valuation had been reviewed by a second engineer.

UKI said the terms of the policy didn't entitle Mr C to a hire car or help in sourcing a new car. And it was satisfied that the car had correctly been marked as a category B. However, it agreed that its service had fallen below standard, and it sent Mr C £150 to compensate him for delays and being given incorrect information.

Mr C remained unhappy, so he asked our service to consider his concerns. Our investigator didn't think Mr C's complaint should be upheld. He thought UKI's settlement offer was fair. He was satisfied that UKI hadn't made an error by not replacing his car. He thought the £150 UKI had paid Mr C for the issue with the payment and delay was reasonable.

Mr C disagreed with our investigator's outcome. He didn't think the trade guides accurately represented vehicles of this age. He said he'd tried to source a car for the money offered and they do not exist. He asked that we consider the prices these classic vehicles are actually selling for. He also disputed that UKI wasn't required to help him find a replacement car. So, 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've decided not to uphold Mr C's complaint. I'll explain why.

### Vehicle valuation

The policy's terms and conditions say:

*"Where damage to your car is covered under your policy, we'll pay the cost of repairing or replacing your car up to its UK market value. This is the current value of your car at the time of the claim. It may be different to the amount you paid or any amount you provided when you insured your car with us."*

"Market Value" is defined as: *"The cost of replacing your car with another of the same make and model, and of a similar age and condition at the time of the accident or loss"*.

UKI says it used two industry trade guides to assess the pre-accident market value of Mr C's vehicle. It's provided screenshots of the valuations which are £2,326 and £1,850. UKI's settlement offer of £2,088 was based on an average of the two guides.

I think it's reasonable for the market value to be assessed as the retail price Mr C was likely to have to pay for a comparable vehicle at a reputable dealer. The fairest way of doing this is by using the standard industry guides. These are based on extensive national research of likely selling prices. They can provide valuations based on the make, model, age, condition and specification of a car.

Mr C says he's been unable to source a vehicle for the amount UKI offered and has provided a number of adverts for similar vehicles. Our service doesn't normally use adverts to decide whether a valuation is fair. This is because vehicles can end up being sold for lower than they were advertised. And differences in mileage or year of registration can have a big effect on the value of the same model of vehicle.

I appreciate Mr C believes we shouldn't rely on the trade guides because his vehicle is twenty years old. He's provided a screenshot of a valuation from a classic car specialist. However, we don't consider this information as reliable as the trade guides. So, we'd usually only consider this in certain circumstances, for example if a car is so rare that the guides have a very limited number of adverts or anything else to go on. And I'm not persuaded this is the case for Mr C's car.

Based on what I've seen, I'm satisfied that the settlement offer UKI made Mr C was reasonable and in line with the policy's terms and conditions.

### Write-off classification

Mr C says his car was incorrectly classified as a class B (Break) write-off. He says the damage was superficial and could be repaired.

UKI says there is structural damage to the car and there are safety concerns that it wouldn't be repaired correctly using approved methods. I haven't seen any independent evidence to contradict what UKI has said about this. So, I have no reason to doubt the expertise of UKI's engineer who has categorised the vehicle as category B.

### Replacement vehicle

Mr C is unhappy that UKI didn't offer to help him find a replacement car.

He's referred to wording on UKI's website which says:

*"If your car is more than one year old and is written off (Comprehensive cover) or if your car is more than two years old and is written off (Comprehensive Plus cover), instead of just being offered a bank transfer for the settlement value of your car, less any excess that may apply, we'll offer to help find you a replacement car using our trusted nationwide network. You can upgrade the new car by adding your own money. Or you can downgrade and take the extra value as cash. It's your choice.... This service excludes theft claims and the minimum price of the replacement car is £3500. It is also subject to availability – we may not be able to find an exact match for your car... "*

UKI says this service wasn't offered to Mr C because the pre-accident value of his car was below the £3,500 threshold. Mr C disputes this because the £3,500 refers to the minimum price of the replacement car rather than the value.

I appreciate Mr C is unhappy that UKI didn't help him find a replacement car. But UKI says it is its choice to offer this service. The policy's terms and conditions say UKI can choose to repair or replace a vehicle or settle a claim by sending a payment. So, I'm not persuaded that UKI was required to find Mr C a replacement vehicle.

### Customer service

Mr C also raised some concerns about the customer service he received from UKI. It didn't provide him with a hire car after saying it would. There was a delay in him being contacted by an engineer. And UKI didn't pay its settlement offer by Mr C's preferred method.

Mr C's policy documents show that he didn't select the optional extra of a guaranteed hire car. His policy only entitled him to a courtesy car if his car was being repaired by an approved repairer. He wasn't entitled to one in the event of it being written off.

UKI has acknowledged Mr C was given incorrect information about his entitlement to a hire car over the phone. I understand he was given the correct information within a couple of days. UKI has also apologised for a short delay in Mr C being contacted by an engineer.

UKI says Mr C was sent the settlement by cheque because it made an error when attempting to make the payment by bank transfer. In his complaint form, Mr C said he had no way of paying the cheque in, although he hasn't explained why. In his outcome our investigator said he would arrange for UKI to make the payment by bank transfer if Mr C hadn't cashed the cheque. So, Mr C should let our investigator or UKI know if he is unable to bank the cheques UKI has sent him.

I think the £150 UKI has already paid Mr C sufficiently recognises the impact these customer service issues had on him. So, I don't require UKI to pay Mr C any additional compensation. I know my answer will be disappointing for Mr C, but overall, I think UKI has acted fairly and reasonably, in line with the terms of the policy. I think it was fair for it to offer Mr C a cash settlement and the amount it's paid him is reasonable. It's also acknowledged its errors and delay and has paid Mr C an adequate amount for distress and inconvenience.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 21 August 2023.

Anne Muscroft  
**Ombudsman**