

The complaint

Mr J complains Ageas Insurance Limited (Ageas) unfairly settled his claim on his motor insurance policy after his car was declared a total loss.

What happened

In June 2023 Mr J made a claim on his motor insurance policy after his car was damaged in an incident. Based on the damage to the car Ageas declared it was beyond economical repair and therefore it was classed as a total loss.

Ageas made an initial settlement offer of £6,000 and as Mr J did not accept this, it was increased to £7,276.

Mr J was not happy with the settlement amount. He said the value of the car was more than the settlement offer.

As Mr J was not happy with Ageas, he brought the complaint to our service.

Our investigator did not uphold the complaint. They looked into the case and said the offer made by Ageas was reasonable and it had valued the car by using trade guides. And this amount fell within the range of the trade guide figures.

As Mr J is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

In this case I have considered whether Ageas acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr J following the write-off of his car.

My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr J's motor insurance policy with Ageas. On page 25 of the policy booklet it says;

"Market value

The cost of replacing the car with one of a similar age, type, mileage and condition, immediately before the loss or damage happened."

It also says on page eight

"Your insurer will not pay more than the market value of the car unless all of the following apply:

- The loss or damage happens within 12 months of the cars first registration.*
- You are its first and only registered keeper and you have owned the car (or it has been hired to you under a hire-purchase agreement since it was first registered as new."*

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I looked at the information Ageas used when calculating the market value for Mr J's car. I saw it obtained valuations from two of the main trade guides. In this case Ageas initially offered £6,000. And on the same day, after it reviewed the details it held, it increased its offer to £7,276. I saw the offer of £7,276 was the higher of the two trade valuations.

I looked at the valuations our investigator obtained. These were from two other trade guides. The average of the four valuations obtained was £7,040. In this case the settlement offer made by Ageas was higher than the average trade guide valuation.

Mr J has said it is not happy he is unable to access the trade guides that have been used. I can confirm that the trade guide prices quoted by Ageas were checked and are correct at the date of loss.

As per the terms of Mr J's policy Ageas only have to offer the market value for the car that has been deemed a total loss.

I saw Mr J provided a copy of an advert of a car similar to his that was for sale at a higher price.

I do accept that prices of used cars can change on a regular basis. This could be an increase or decrease. This is the reason why we take the approach that if Ageas can demonstrate, as it has done here, that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

I know this will come as a disappointment to Mr J, but for the reasons given I'm not persuaded that Ageas have acted unfairly or unreasonably in settling his claim at £7,276.

I agree the settlement amount paid for Mr J's car is fair and in line with the main trade valuation guides. And I can't fairly ask Ageas to increase its valuation offer.

Therefore, I do not uphold Mr J's complaint and do not require Ageas to do anything further in this case.

My final decision

For the reasons I have given I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 20 December 2023.

Sally-Ann Harding
Ombudsman