

The complaint

Mr F and Miss R have complained about their motorhome insurer West Bay Insurance Plc as they feel it hasn't settled their total loss claim fairly.

West Bay is the underwriting insurer for this policy although, in this case, the policy it underwrites is branded in a different name. As the underwriter, the complaint is set up against it. West Bay uses other companies to assist it in managing and progressing claims – it is responsible for their actions.

What happened

Mr F and Miss R's motorhome was damaged by a small fire. Given its age, lack of availability of likely damaged parts and the location of the fire (in the dashboard), West Bay felt it was a total loss. Its engineer explained that the age of the motorhome meant the often-used trade guides wouldn't give a value for it. Some screenshots of motorhomes for sale privately were provided in the report which the engineer said were comparable to Mr F and Miss R's vehicle. The engineer concluded that the likely market value was £16,995.

The value was put to Mr F and Miss R. They weren't persuaded it was fair, or put to them in a reasonable way – whilst they were walking their grandchild home from school. They noted that, on the policy, they had placed a value on the motorhome of £20,000 – they had spent less than that to buy the vehicle but had improved it since purchase. They couldn't find a replacement, with similar features to theirs and in a similar condition, for the sum proposed. In September 2022, West Bay paid Mr F and Miss R its determined market value, less the policy excess, as an interim claim settlement whilst it considered their complaint.

West Bay issued a final response letter to Mr F and Miss R. It noted its external engineer had placed a market value on the vehicle of £16,995, using sale adverts. And this had been confirmed, upon review by its in-house engineer, as fair and reasonable. So it wasn't prepared to increase the value.

Mr F and Miss R complained to this service. They noted there had been delay and frustration caused by West Bay in the early stages of their claim when it took four attempts for it to collect their vehicle. They said this had lost Mr F work. Mr F and Miss R said they'd had to chase West Bay throughout. And they still weren't happy with the valuation, or the way this was put to them.

Our Investigator, focusing on the valuation, noted West Bay had two engineer's review the market value for the vehicle. She felt it was fair and reasonable for it to have relied on their findings. She didn't uphold the complaint.

Mr F and Miss R were unhappy. Their complaint was passed to me for an Ombudsman's review. I felt it should be upheld, with West Bay making a further settlement to Mr F and Miss R of £1,666, plus interest*. My provisional findings were:

"I know Mr F and Miss R were asked for a value for their vehicle when arranging cover, which they gave as £20,000. This figure is logged on the policy schedule. But the policy

wording does advise that a settlement will be based on the market value of the vehicle. With that being explained as the cost to replace the insured vehicle at the time of the loss with something comparable.

I also know though that Mr F and Miss R have said that whilst they gave that value – they didn't really believe, that if a situation arose where their motorhome was damaged beyond repair, West Bay would just pay them that price. Rather they felt giving that value would indicate to West Bay the good condition of their vehicle such that a fair valuation could be discussed and reached. I think that is a reasonable view. And I'm mindful that valuing older vehicles is, sometimes, not as straightforward as newer ones, where trade guides can usually return a reliable market value. When sale adverts then reasonably have to be relied upon to ascertain a fair market value for an older vehicle, there are also likely less examples on the market to review. Further, for motorhomes in particular, the exact features and condition of things like the upholstery, can have a marked impact on the price – with those type of details not always being apparent in sale adverts.

Of course, here, West Bay has had two engineers consider the fair and reasonable market value for Mr F and Miss R's motorhome. And some evidence to support that value has been provided – specifically screenshots of motorhomes for sale. But I think that evidence is somewhat limited – the screenshots don't show the whole advert, including the basic detail of the motorhomes for sale, let alone any key features. And no reasoning has been given by either engineer to explain why it is felt those adverts show motorhomes comparable to Mr F and Miss R's. Nor any reasoning to otherwise explain why it is felt the sum of £16,995 is a fair and reasonable market value for it to base its claim settlement on. I've not seen any evidence that makes me think West Bay took into account the specific features, including any of the upgrades reported, of Mr F and Miss R's motorhome. West Bay, in settling a claim on the policy, has to be able to show that it has done so fairly and reasonably. I'm not satisfied it has done that here.

So I've thought about what the fair and reasonable resolution is here. In doing that I've taken into account that there are limited motorhomes of the same year, or even of a similar age to Mr F and Miss R's, for sale. I'm mindful that they paid £16,500 for their vehicle but they've improved it. Also, though, that not all improvements will add value. The screenshots provided by West Bay are, as I've noted, limited in value, but they are the only sale prices I've been presented with (for reportedly comparable vehicles). There are three, they show values of £16,995, £16,995 and £21,995. In the circumstances I think it would be reasonable to take an average of the three values – £18,661 to give a fair market value for Mr F and Miss R's motorhome. That is an increase from West Bay's value of £1,666. I think West Bay should pay this sum to Mr F and Miss R, plus interest* from the date of the original settlement until payment is made. The policy excess has already been accounted for.

I understand that Mr F and Miss R haven't replaced their motorhome. They say they couldn't do so with the insufficient settlement paid by West Bay. And that not having access to a motorhome has impacted them. I'm not persuaded though, that West Bay's settlement was so limited as to have reasonably prevented them from replacing the motorhome. I think it's more likely that the lack of availability of similar aged motorhomes (over 20 years old) in the market place has made it difficult to find a replacement at a value near that paid by West Bay, or even near the increased amount I have awarded. I'm not persuaded it would be fair or reasonable, in this situation to award compensation for distress and inconvenience caused by West Bay paying an unfair and unreasonable market value settlement for Mr F and Miss R's motorhome.

I know Mr F and Miss R were upset by the call they had with West Bay discussing the market value. But I don't think it was unreasonable for West Bay to have called them when it did. Clearly Mr F and Miss R were frustrated by the content of the call but sometimes

frustrations will occur as part of a claim. I haven't seen that West Bay was rude or unprofessional – clearly West Bay's caller believed it had set a fair and reasonable market value, which Mr F and Miss R disagreed with. West Bay was wrong on this occasion, as I've explained above, but this one call giving rise to the market value dispute, isn't something I'd award compensation for."

Mr F and Miss R said they were happy with the decision.

West Bay said it felt its offer had been fair and reasonable. Regarding the adverts it had previously relied upon, it said that all three were right-hand drive vehicles, and younger models than that owned by Mr F and Miss R, with one having substantially less mileage on the clock. So they'd all likely demand a higher price in the market than Mr F and Miss R's left-hand drive, older and more travelled motorhome. It asked what upgrades had been done to Mr F and Miss R's motorhome and whether there was evidence of them.

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 West Bay presented its file detail to us it showed us three cropped photos of sales adverts. In the main the cropped adverts showed one photo of the motorhome for sale, a few smaller thumbnails and a header detailing what was for sale. None of the cropped adverts contained any of the important information details often listed within sale adverts like this. Whilst I note what West Bay is now saying about these adverts, it's not clear to me from the photos if all three of these examples were right-hand drive. Also, only one contains the year of the motorhome, it is younger than Mr F and Miss R's and its price point is more than £20,000. Further, only one of the adverts is showing the mileage for the motorhome. That one says "49K", it's not clear if that is miles or kilometres – with Mr F and Miss R's motorhome measuring its travel in kilometres.

I note that West Bay has asked me for detail of what upgrades Mr F and Miss R have undertaken to their motorhome. I noted provisionally that its engineers did not seem to have taken the specifics of their motorhome into account when determining that the sales adverts, relied upon to calculate the settlement, were for comparable vehicles. I think if a fair and reasonable assessment of the motorhome had been undertaken as part of that determination, then West Bay would not now be needing to ask what the key features which might impact the value of the motorhome are. I remain of the view that West Bay had not fairly and reasonably settled the claim with its payment based on a market value of £16,995.

Having considered West Bay's objection to my provisional decision, I'm not minded to change my views on it. Either in respect of West Bay not having made a fair and reasonable settlement or that to resolve this a further payment of £1,666, plus interest should be paid by it. My provisional findings, along with my comments here, are now the findings of this, my final decision.

Putting things right

I require West Bay to pay Mr F and Miss R:

- £1,666, plus interest* from the date the original settlement was paid until this further payment is made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require West Bay to take tax from this interest. If asked, it must give Mr F and Miss R a certificate showing how much tax has been taken off.

My final decision

I uphold this complaint. I require West Bay Insurance Plc to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Miss R to accept or reject my decision before 25 August 2023.

Fiona Robinson
Ombudsman