

## **The complaint**

Mr G has complained about Advantage Insurance Company Limited. He isn't happy about the valuation of his car after it was deemed a total loss after a claim under his motor insurance policy.

## **What happened**

Mr G made a claim under his motor insurance policy and his car was deemed a total loss. When Advantage looked to settle the claim Mr G wasn't happy with the valuation of his car.

Advantage looked to value Mr G's car after it was written off by looking at two of the various trade valuation guides in order to gauge the market value of his car. It offered Mr G around £8,082 for his car (which was an average of the two guides) less the policy excess. But Mr G wasn't happy about this as he thought his car was worth more and had bought a similar model for around £9,600 so he complained to this Service.

Our investigator looked into things for Mr G and upheld his complaint. He looked at the various motor trade valuation guides available for Mr G's car from around the time of claim and thought that Advantage should pay slightly more for his car (£8,355.50). This was because he had got valuations from all four available valuation guides, as opposed to the two that Advantage used to value Mr G's car, and the average of those was a few hundred pounds more.

Advantage accepted the investigators findings but Mr G didn't. He suggested that the bottom valuation guide should be excluded as it was so low compared to the other guides. And suggested that the evidence he provided of similar cars for sale to his, at a higher amount, should support this position. So the matter 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 can understand why the investigator has upheld Mr G's complaint and increased the valuation which Advantage accepted. I know Mr G would like more and that he paid more for his replacement car, but I think the position suggested by the Investigator feels fair. I'll explain why.

Advantage only used two valuation guides in forming its view of the market value of Mr G's car – indeed I note that it offered a lot less than this originally. And when our investigator looked into the position and gained a valuation from all four available guides he lifted the valuation to £8,355.50 based on an average of all four guides which Advantage agreed to.

This Service has an established approach to valuation cases like Mr G's. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car. I pay attention to the various trade valuation guides used for valuing cars. And I look at any other evidence provided by both sides. This evidence might include advertisements for the sale of similar cars. But I generally place less weight on these than on the trade guides, as the guides give an up-to-date estimate of the value of the car in question. The condition of the car at the time of the incident is also an important factor to consider. And I must emphasise that I will only order a business to increase its valuation if I consider it is unfair.

Valuing second-hand cars is far from an exact science and it isn't my role to value Mr G's car. I'm just looking to see if Advantage has acted reasonably in providing a fair market value of his car and I think its initial valuation was slightly low.

In this case our investigator checked the trade valuation guides which provided valuations of Mr G's car - £9,260, £8,345, £7,995 and £7,330. And in this instance Mr G provided some evidence that the advertisements he found were a lot higher and he bought his replacement car (similar age, make and model) for £9,600 after he had negotiated the price down.

However, I've looked at the adverts Mr G provided, and it is clear that the cars, in the main, had a lot less mileage than his. So, it is difficult to say he should be paid more for his car or that the market value suggested by the investigator isn't fair. And I know Mr G feels the lowest of the guides that Advantage used shouldn't be used as it is lower than the other guides. But as our investigator explained a similar argument could be made for the higher valuation guide, so on the whole I don't think the higher and lower of the guide valuations shouldn't be used here.

Given all of this, I think the fair and reasonable thing to do, in the particular circumstances of this case, is for Advantage to pay Mr G £8,355.50. And it should add 8% simple interest for the time Mr G has been without the shortfall.

### **My final decision**

It follows, for the reasons given above, that I agree this complaint should be upheld. I require Advantage Insurance Company Limited to pay Mr G £8355.50 and pay 8% simple interest on the shortfall from the date of initial payment until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 12 December 2023.

Colin Keegan  
**Ombudsman**