

## **The complaint**

Mr W is unhappy with the settlement he's been offered by Royal & Sun Alliance Insurance Limited (RSA) after he made a claim under his car insurance policy.

## **What happened**

In January 2023 Mr W's car was stolen, so he made a claim to RSA, his car insurance provider.

RSA accepted the claim and ultimately made an offer of settlement totalling £48,000. Mr W thinks the settlement should be £56,750, based on a valuation he obtained. As Mr W remained unhappy with RSA's position, he approached this service.

One of our investigators looked into things and upheld the complaint. He said that RSA's offer was too low and should be increased to Mr W's valuation. He also said 8% interest should be added to the additional settlement, and RSA should also pay £100 compensation.

RSA didn't agree and asked for a final decision from an ombudsman.

I reached a different outcome to our investigator, so I issued a provisional decision to give both parties an opportunity to comment on my initial findings before I reached my final decision.

## **What I provisionally decided – and why**

In my provisional decision, I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*As I've reached a different outcome to our investigator, I'm issuing a provisional decision, to give both parties an opportunity to comment on my initial findings before I reach my final decision.*

*Mr W's policy terms outline that in the event of a claim, RSA will pay up to the market value of the vehicle. This is defined in the policy as:*

*“Market value*

*The cost of asset value between replacing your car with a car of the same make, model, specification, mileage and age, in the same condition as your car was immediately before the loss or damage you are claiming for.”*

*RSA determined the market value of Mr W’s car using valuations obtained through industry trade guides. These resulted in valuations of:*

- *Glass’s £47,710*
- *CAP £47,000*
- *Parker’s £47,982*

*As Mr W said that the vehicle had a number of optional extras, and not all the guides take these into account, they also obtained a bespoke valuation from CAP, which resulted in a valuation of £48,000. It’s this amount that RSA ultimately offered.*

*Mr W doesn’t think this valuation is sufficient. He has provided adverts for similar age vehicles, two of which were for £57,975 and £59,875. He also obtained his own valuation, and this was for £56,750. It’s this amount that Mr W says he should receive in settlement of the claim.*

*When investigating Mr W’s complaint, our investigator also obtained valuations from other valuation guides we use in cases such as this, these were:*

- *Autotrader £50,598*
- *Percayso (formerly Cazoo) £51,875*

*Our investigator said that these were higher than the valuations obtained by RSA, and RSA should pay Mr W’s valuation of £56,750 as he found that more persuasive than any of the trade guides.*

*More generally, this service’s typical approach when considering complaints about the fair market value of a vehicle is to take into account what the market leading motor trade guides say the market value is. The guides are independent of the insurance industry, and from one another. As a service, generally, we find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations.*

*I note that Mr W has provided some adverts of cars he says are similar. But the mileage on these vehicles is lower than Mr W’s, so this is likely to have some bearing on the value. In any event, I’ve also looked online at well-known used car sales websites, and there does appear to be a wide range of vehicles available, from lower values than the adverts Mr W provided, to higher than he provided, based on the correct mileage and appearing to have similar options too.*

*I also note that one of the adverts Mr W has provided is for £52,990. And this also has a lower mileage. So, taking into account that the lower mileage would have made some difference, I think this advert is likely to be in the range of the other valuations obtained by both RSA and our investigator.*

*However, I should add that this service generally finds the motor trade guides to be more persuasive than sales adverts. This is because advertised prices are often the starting point of a negotiation and what the seller would like to achieve, rather than the final price it sells for after negotiation.*

*Mr W's own valuation notes that retail price currently is £47,420 but they've said the market value for Mr W's vehicle is £56,750 – which is significantly higher. They've said this is due to the extras on the vehicle, but not demonstrated why the amount is such a vastly significant difference to all the other guides obtained. And I don't find this valuation persuasive enough to completely discount all the others which have been obtained.*

*Whilst Mr W has argued that the vehicle had a number of additional options, we don't generally find these always add value. They may make a vehicle more desirable to a buyer over the same vehicle without the options, but they don't always make a difference to the price. And nothing has been provided which demonstrates or persuades me the options make the value a significantly higher amount. Having said that though, I do think it would be fair and reasonable in all the circumstances for the settlement amount to be increased. I'll explain why.*

*All of RSA valuations were in the region of £47,000. And they obtained a bespoke valuation which totalled £48,000, which is still some significant difference away from Mr W's valuation. Our investigator obtained valuations from Autotrader and Percayso, and these were higher than RSA's and in the region of £51,000.*

*However, our investigator also obtained a valuation from CAP, and this took into account additional extras which did add some value (rear entertainment pack and the exterior pack), and this resulted in a valuation of £50,650. So, in the region of the other valuations they obtained from Autotrader and Percayso.*

*Placing a valuation on a vehicle isn't an exact science, and as can be seen in this case, there are a wide range of values. Here though, I do think RSA's offer is low, based on all the other valuations obtained. But I also think Mr W's is high in comparison to all the others too.*

*However, the additional valuations obtained by our investigator, from CAP which included some optional extras, and Autotrader and Percayso, falls somewhere in-between the values suggested by the two parties. And in the absence of anything persuading me that RSA's low offer, or Mr W's much higher value, is more accurate than all the other valuations, I'm minded to conclude it would be fair and reasonable to increase the settlement in line with the valuations our investigator obtained to £51,000 – which is in the range of somewhere between the two parties. In the absence of any other persuasive information or evidence, I think this would produce a fair and reasonable outcome in the circumstances of this complaint.*

*To the additional settlement amount, 8% simple interest should also be added from the date the original settlement was paid to the date of payment of the additional amount.*

*Our investigator recommended £100 compensation be paid for the distress caused. But I also need to take into account that whilst on the low side, RSA's settlement offer wasn't hugely different to what I think a fair settlement is here on a fair and reasonable basis. And there were a wide range of valuations at hand which needed to be taken into account.*

*Ultimately, I don't think RSA should have paid Mr W's significantly higher valuation, so I don't intend on awarding compensation. Instead, I intend on awarding 8% simple interest to take into account the time Mr W was without the additional funds I've provisionally decided RSA should pay on a fair and reasonable basis."*

So, I was minded to uphold the complaint in part, and to direct RSA to increase the settlement to £51,000 with 8% simple interest added to the difference from the date the original payment was made to the date the additional payment is made.

### **The responses to my provisional decision**

Mr W responded to say he didn't agree, but he didn't provide any other comments or response before the deadline to do so expired.

RSA responded and said they accepted the provisional decision. They later responded and questioned the valuations, including why the lower value guides they relied on were excluded.

### **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.

And I've thought carefully about the provisional decision I reached and the responses to it. Having done so, my final decision remains the same as my provisional decision, and for the same reasons.

In my provisional decision I explained that Mr W had provided a valuation, but there was no explanation why this was significantly more than any of the others – beyond saying the car had optional extras. And RSA's valuations were significantly lower than that.

But I also said that the three additional valuations obtained by our investigator were somewhere between the two. And having looked online on well known used car sales websites, there does appear to be a wide range of vehicles available, from lower to higher values.

So, this highlighted that there were a broad range of valuations across all of the available guides, and adverts of similar vehicles for sale.

RSA has valuations in the £47,000 range, Mr W has a valuation of £56,750, and the valuations obtained by our investigator were in the range of £51,000. This included a bespoke valuation from CAP which provided an increased valuation including some of the extras, which was also in this same valuation region.

RSA said CAP may take into account the cost of the extras new, rather than at today's rate when providing a valuation. However, if RSA wants to know specifically how CAP rates or assesses vehicle values, then it would need to approach CAP directly to obtain details of how their algorithms operate, as this isn't something I have details of or access to. But this is the bespoke valuation CAP provided to this service. Having said that, this valuation is slightly lower than Pecayso anyway, and only £52 more than Autotrader. So, it's within the range of those too.

However, whether this CAP valuation with extras is included or not, there is still a wide range of valuations across the guides, and this is broadened further by the vast number of vehicles for sale online, and across a wide reaching range of prices. And as I explained, placing a valuation on a vehicle isn't an exact science, and all the available information needs to be taken into account.

Ultimately, RSA hasn't persuaded me their lower offer is a more accurate value than any of the others, and neither has Mr W. But the Autotrader and Percayso (whether CAP is included or not), is somewhere between the two. In the absence of anything else to persuade me it should be lower or higher, I think this amount partway between both produces a fair and reasonable outcome in all the circumstances of the case.

I'll also still be directing RSA to add 8% simple interest to the additional amount, from date the original payment was made to the date the remainder is paid. But I won't be directing RSA to pay compensation for the reasons outlined in my provisional decision.

### **My final decision**

It's my final decision that I uphold this complaint in part and direct Royal & Sun Alliance Insurance Limited to:

- Increase the settlement amount to £51,000
- Add 8% simple interest\* to the settlement difference from the date the original payment was made to the date the additional payment is made

\* If Royal & Sun Alliance Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 September 2023.

Callum Milne  
**Ombudsman**