

The complaint

Mrs D complains that UK Insurance Limited trading as Privilege haven't given her a fair settlement valuation for her car after it was deemed a total loss.

What happened

In May 2023 Mrs D made a claim on her car insurance policy following an accident.

UKI collected the car and inspected it and deemed it to be a total loss. As a result, UKI offered a settlement of £7513.

Mrs D wasn't happy with this as she says it will cost her at least £8500 to replace her car with one that is the same with the same mileage, and so she complained.

UKI asked a second engineer to value the car, but they didn't uphold her complaint, and Mrs D remained unhappy so she brought her complaint to us.

One of our investigators has looked into Mrs D's complaint. He thought that the valuation figure offered by UKI was fair. Mrs D didn't agree and so the case has come to me to review.

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.

I'm not upholding Mrs D's complaint and I will explain why.

Valuation

This service's role isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of a policy correctly and taken reasonable steps to ensure a fair valuation was reached.

The terms of Mrs D's policy outline how a valuation settlement will be calculated when there is a total loss. It says:

"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 further defined in the policy 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."

To value Mrs D's car, UKI obtained the standard retail valuations for the model of car. These were Glass's – £7290, CAP – £7420, and Percayso – £7513. The average of these was £7408, but UKI decided to offer Mrs D the highest valuation of £7513.

Mrs D says that she couldn't buy the same car in the same condition and with the same mileage for the settlement figure offered, and that it would cost her at least £1000 more. I can understand why Mrs D is disappointed with this valuation as she had looked after her car and considered it was worth more.

The valuation of a used car isn't an exact science, and it's standard practice for the industry to use valuation guides to work out the estimated market value of a car when offering settlements for total loss. We consider this approach to be reasonable as the valuations the guides give are based on national research on likely selling prices of similar cars with similar age and mileage for sale at the time of loss.

The investigator has checked these valuations and they are correct, and he has also checked Autotrader's valuation for the time of loss. This one is slightly higher, but as it is an outlier, we would normally discount it as the others are all much closer in range. We also usually find the valuation guides more reliable than individual adverts which can vary vastly in price, and often advertised prices allow room for negotiations – so they are not as reliable as sold prices.

In view of the above, I consider that the settlement offer made is reasonable.

My final decision

I'm not upholding Mrs D's complaint about UK Insurance Limited trading as Privilege and so they need not do anything further

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 26 October 2023.

Joanne Ward
Ombudsman