

The complaint

Mr A complains that the offer Skyfire Insurance Company Limited ('Skyfire') made to settle his motor insurance claim is too low.

What happened

In March 2023, Mr A's car was involved in an accident with a third-party. The accident was not Mr A's fault.

Mr A says the third-party's insurer offered to 'write off' his vehicle and pay him £3,600. Mr A did not accept that valuation and so in April 2023, he made a claim to Skyfire instead. Skyfire decided it was not economical to repair the vehicle and Mr A was eventually offered £3,143 to settle the claim.

Mr A says Skyfire's offer does not represent the true value of his vehicle, which he believes to be in the region of £4,500 to £6,000. Mr A complained to Skyfire because he didn't accept its valuation of the vehicle.

In response to the complaint, Skyfire said its valuation was fair. It consulted three valuation guides and produced the following valuations: Guide 1 - £3,000; Guide 2 - £3,225; and Guide 3 - £2,953. The file was then passed to an engineer who said he thought the value of the vehicle was £3,143. Skyfire accepted there had been a delay in dealing with Mr A's claim and it offered to pay £100 to compensate him for that delay.

Mr A then complained to this service. Our investigator considered the complaint. He thought Skyfire's valuation was fair, but that it should pay £200 to Mr A to compensate him for the customer service issues he'd experienced.

Mr A did not accept our investigator's view. He said it was not possible to find a like for like car for sale at the price Skyfire had offered. Mr A sent us a number of advertisements to support his complaint submissions.

As Mr A did not agree with our investigator's view, the matter has been passed to me for an ombudsman's decision.

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 know Mr A will be disappointed, but my decision is that Skyfire's valuation is fair. I'll explain why.

The terms and conditions that apply to Mr A's policy say that where his car is deemed a total loss, Skyfire can settle the claim by paying the market value of the vehicle at the time of the loss. 'Market value' is defined in the policy as the cost of replacing Mr A's car with one of a similar make, model, age, mileage and condition based on market prices at the time of the accident.

Assessing the value of a car isn't an exact science. Like most insurers, this service often finds valuation guides persuasive. That's because the valuations are based on nationwide

research. As a service, we generally consider the valuation guides to be helpful in showing likely selling prices at the month of loss.

I can see that when Skyfire consulted the valuation guides, it entered the correct registration, mileage, model and date of the accident. Our investigator also consulted the same guides and the valuations he found were consistent with those found by Skyfire. I know Mr A was keen to tell us that his car was in pristine condition. But I think the condition of the vehicle has been most likely considered in the valuation guides.

I've carefully considered the adverts Mr A provided to us with a view to seeing whether they suggest the valuation guides are wrong or inaccurate. It is not clear when Mr A obtained these adverts or how close they were to the date of the accident. But in considering that information, I don't think they suggest the valuation guides produced an unfair valuation.

I say this because a lot of the cars Mr A showed us were younger than his car and some were not exactly the same model. Others had significantly higher or significantly lower mileage and I note that some of the mileage on some of the vehicles is set out in kilometres, rather than miles. The car with the closest mileage to Mr A's is on the market for £4,290, but the vehicle is a year younger than his car. After taking account of the adverts and even if they reflect the position at the time of the accident, I can't reasonably say they suggest Skyfire's valuation is unfair.

With all that in mind, as Skyfire's valuation was at the higher end of that suggested by the guides, I'm satisfied its offer was fair.

That said, I agree with our investigator that there were delays in Skyfire's handling of Mr A's claim. As an example, I can see that it received information that the repairs to his vehicle may cost more than the value of the car. But no action appears to have been taken in respect of that information for some time. Taking all of this into account, I agree with our investigator that Skyfire will need to pay £200 in total to Mr A to compensate him for those delays.

Putting things right

I require Skyfire to:

- Settle Mr A's claim based on a valuation of £3,143; and
- Pay a total of £200 to Mr A to compensate him for the customer service issues identified above. If Skyfire has already paid £100 to Mr A, it can deduct this amount from what it will now owe.

My final decision

I require Skyfire Insurance Company Limited to put things right for Mr A as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 January 2024.

Nicola Bowes
Ombudsman