

## The complaint

Mr S says that when he made a claim on his motor insurance policy, U K Insurance Limited ('UKI') provided poor service and made a low offer for his written-off car.

## What happened

Mr S accepted £6,097 for his car, but he thought that was less than it was worth. He also said UKI hadn't responded when he said a car it thought was similar to his had higher mileage and was in worse condition. Mr S cited other poor service issues. UKI agreed it could have moved his claim on more quickly and that its agent should have collected the car sooner. It offered Mr S £200 compensation for poor service, but no more for his car.

One of our investigators said UKI's offer for poor service was reasonable. But she noted that it had based its offer on three (not four) of the national trade guides we normally rely on to establish a car's likely market value. She thought the valuation from the fourth guide should be added to the others – and that the lowest of UKI's three valuations should be disregarded, as it was out of line with the others. The average valuation was then £6,225.

Later, the investigator issued a second view, having noted that UKI hadn't used the correct mileage when consulting one of the guides. The valuation she found in that guide (£5,024) was out of line with UKI's other two valuations *and* with the one she'd added. When it was disregarded, the average valuation was £6,304. So she said UKI should pay Mr S the difference between that and the £6,097 it had paid him.

UKI asked for a review of the complaint by an ombudsman. I issued a provisional decision along the following lines:

- We think using the trade guides is the most reliable way to find a car's likely market value. We don't think adverts are reliable as they're open to negotiation - and often small differences between similar cars can make a big difference to their value.
- If an insurer can show the figures it got from the trade guides were correct at the time it found them, we think it's fair for them to rely on those figures. But only if the insurer used the right details to get them. Otherwise it's fair to use the figures we find later, using the correct details, which are often higher.
- As we use four guides, it's reasonable for the fourth guide to be taken into account as part of the valuation process. UKI doesn't think the lowest valuation should be disregarded. I don't think it was an outlier when UKI noted it, but the problem is that it was found without using the car's correct mileage. When we checked the guide using the right mileage, the valuation was £5,024 rather than £5,699. That's well out of line with the other valuations shown in the guides, so I think it's fair to disregard it.
- That leaves the fourth guide's valuation (£6,319) plus UKI's correct valuation from one of the other guides (£6,034). UKI accepts that the valuation it got from another guide was wrong – it should have been £6,180 rather than the £6,560 it quoted. Although the error would have worked in Mr S's favour, I think it should be

corrected, as UKI's error with the other guide (which didn't work in his favour) has also been corrected. I think this approach is in line with our aim of ensuring a fair and reasonable outcome.

- The three remaining valuations are consistent (£6,319, £6,180, £6,034). Their average is £6,177. I think that's likely to be around the right market value for Mr S's car, so I think UKI should pay him a further £80, plus interest

I asked the parties to let me have any comments they wished to make on my provisional findings. Mr S didn't respond and UKI accepted 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.

As UKI didn't comment on my provisional view, and UKI accepted it, there's no reason to depart from my provisional findings. So, for the reasons set out above, I require UKI to pay Mr S a further £80 for his car, plus interest.

### **My final decision**

My final decision is that I uphold this complaint. I require U K Insurance Limited to pay Mr S a further £80 for his car. It should add interest, at the simple yearly rate of 8%, from the date of its first payment for the car to the date of settlement. If UKI thinks tax should be deducted from the interest, it should tell Mr S how much has been deducted, so he can reclaim it from HMRC as appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 November 2023.

Susan Ewins

**Ombudsman**