

## **The complaint**

Mr W complains about the settlement that U K Insurance Limited (UKI) offered him for the total loss of his car following a claim made on his motor insurance policy.

## **What happened**

Mr W's car was damaged in an accident, and he made a claim on his policy. The car was deemed to be beyond economical repair. UKI offered Mr W £41,239, less the policy excess, in settlement of his claim. But Mr W was unhappy with this and with the level of service he received. He thought he couldn't replace his car for this amount. He thought it would cost between £6,000 and £7,000 more to replace his car. He was also unhappy that personal belongings had been removed from the car. These included precious mementos of his late daughter.

UKI paid Mr W £242 compensation for the value of items that could be repurchased. And UKI agreed there had been service failings and that the loss of his daughter's mementos had caused him considerable distress. UKI paid Mr W £450 compensation for this. But Mr W didn't think this was sufficient compensation for the personal value of the lost items.

Our Investigator didn't recommend that the complaint should be upheld. She thought UKI had reasonably based its settlement for the car's market value on the motor trade guides we use and on market research. She thought its offer was the highest of the valuations it had found. She couldn't put a price on the value of Mr W's precious mementos of his daughter. But she thought UKI's offer was in keeping with our approach. So she thought the settlement and UKI's payment of compensation for its service failings and the loss of Mr W's personal items was fair and reasonable.

Mr W replied that he accepted the valuation. But he thought that UKI should pay him nearer £5,000 compensation for the loss of the mementos of his daughter to buy a memorial for her. He said this matter had caused him considerable distress and grief. Mr W asked for an Ombudsman's review, so the complaint has come to me for a final 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 was very sorry to hear about Mr W's loss. I can understand that losing such personal mementos of his daughter must be very distressing for him. And I can understand that he wants to put any compensation towards a permanent memorial to her.

I can also understand that Mr W wants a fair settlement for the loss of his car. He said that UKI's offer didn't restore his position as he would need £6,000 to £7,000 more to replace his car with a similar one.

Mr W's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet 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."*

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor-trade guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought UKI's settlement offer was fair and reasonable. So I've checked how she came to this conclusion. I can see that she reviewed UKI's valuations, and she looked in the motor trade guides we use for cars of the same make, model, age, mileage, condition and optional extras as Mr W's car at the date of its loss.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification. So we now expect insurers to pay the highest of the trade guides, unless they are able to provide us with evidence which supports a lower valuation.

UKI had provided a valuation of £41,239 based on an advertised price. This was higher than the valuations provided by the two guides it checked. This took into account the car's lower than average mileage. And this was slightly lower than the two valuations found by the Investigator, but higher than the average of all four valuations.

Our Investigator also undertook market research, albeit at a later date. And I think this showed that UKI's offer was in keeping with the range of the advertised prices for similar cars. So I think UKI has provided reasonable evidence to support its slightly lower valuation made at the date of loss. And so I agree that UKI's offer was fair and reasonable as it was made in keeping with our approach and the policy's terms and conditions. I don't require it to increase this.

UKI agreed that its level of service had been wanting. And I can see that Mr W spent long periods being kept on hold, he was wrongly told his car could be repaired, and his personal belongings were lost. UKI paid Mr W £242 compensation for items that could be replaced, which I think is fair and reasonable. And I have seen that UKI searched the garages where Mr W's car had been stored to try and locate the missing items, but without success. So it's unable to return his precious mementos of his daughter.

UKI paid Mr W £450 compensation for this trouble and upset. I can understand that this won't replace the loss Mr W has experienced. But I think it's in keeping with our published guidance where the impact of an error has been considerable. And so I'm satisfied that UKI's compensation was fair and reasonable, and I don't require it to increase this.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 January 2024.

Phillip Berechree  
**Ombudsman**