

## **The complaint**

Mr U has complained about his car insurer Ageas Insurance Limited regarding the settlement it made to him following his car being damaged.

## **What happened**

Mr U's car was damaged and he claimed from Ageas. Based on photos of the car Ageas decided it was a total loss. It reviewed motor valuation guides that value cars. Noting two valuation guides, it said it would pay Mr U £9,604 (less his £650 policy excess). Mr U felt it would cost him at least £10,500 to replace his car. So he complained to the Financial Ombudsman Service.

Our Investigator noted values from four motor valuation guides. He also reviewed adverts Mr U had provided of cars for sale and completed on-line research. Having done so, he felt Ageas' assessed value of £9,604 wasn't fair. He said Ageas should make a further settlement payment based on a market value of £10,118 (an average of two guide values, where another two had been discounted as unreliable). He said 8% simple interest should be added to any sum outstanding due to Mr U from the date of the previous settlement until the additional sum is paid.

Mr U said he felt that was fair. Ageas said it didn't agree. It didn't think that any values should be discounted. The complaint was passed to me to consider.

## **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.

This service often uses motor valuation guides as a source of valuable information for market values for cars. But, in the currently competitive second-hand car market, we also find it relevant to consider advertised prices for similar vehicles. Sometimes these will show that the values returned by the guides, or some of the values returned, aren't reliable indicators of a car's market value.

I note Ageas relied on two motor valuation guides initially when determining the market value for Mr U's car. Those two guides returned values of:

- £9,182
- £9,210

When our Investigator completed checks on the motor valuation guides, he received similar values from those two guides. But from a different two guides he obtained figures of:

- £9,918
- £10,318

Mr U had provided a range of adverts. But not all showed cars similar to his. For example, some were for cars with an automatic gearbox, with his car having been a manual. The lowest priced advert Mr U sent was for £10,490.

Our Investigator completed some on-line research. He found a number of cars similar to Mr U's at and above the sum of £10,490. But he also found some for sale at a round £10,000. He only found one for sale around the values returned by the two trade guides Ageas had used.

I think the adverts reviewed show that the values, returned by the motor valuation guides, upon which Ageas based its settlement offer, aren't currently reliable indicators of the likely market value for Mr U's car. I also note that they are paired quite closely together with a significant gap between them and the values returned by the other two guides. I think the adverts support the upper pairing of values, leading me to conclude they are likely reliable indicators of the car's market value. I'm satisfied that the market value applied by Ageas should be based on an average of the upper pairing of guide values.

I understand Ageas, in August 2023, paid £9,604 less the policy excess in settlement of the claim. It should now make an additional payment equating to the difference between £10,118 and £9,604. And it should add interest to the amount to be paid from the date of the previous settlement until the further payment is made. To compensate Mr U for not having the money.

I note Ageas dealt with this claim quite quickly, with a swift settlement and early reply to Mr U's complaint. That settlement was unfair but the shortfall, based on my findings here, was relatively limited. I bear in mind that following a loss which results in a claim there will always be some disruption caused. I'm satisfied that the increased settlement, plus interest amounts to a fair and reasonable resolution to the complaint in this instance.

### **Putting things right**

I require Ageas to pay Mr U:

- £514, plus interest\* applied to this sum from the date of the previous settlement until payment is made. This to settle the claim.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Ageas to take off tax from this interest. If asked, it must give Mr U a certificate showing how much tax it's taken off.

### **My final decision**

I uphold this complaint. I require Ageas Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 14 December 2023.

Fiona Robinson  
**Ombudsman**