

## **The complaint**

Mr H complains that the offer The National Farmers Union Mutual Insurance Society Limited ('NFU') made to settle his motor insurance complaint is too low. He further complains that an agent of NFU damaged his vehicle during the recovery process.

## **What happened**

In January 2023, Mr H's catalytic converter was stolen from his car while it was parked away from his home. Whilst waiting for the vehicle to be recovered by NFU, Mr H incurred hotel costs of £95.30. His vehicle was taken to a storage facility before being transferred to a repair centre for assessment.

Mr H says that the vehicle was damaged after it was recovered from the accident site. He said that practically every panel on the car was dented or scratched. Mr H says there was no such damage to the car after the theft of the catalytic converter and before it was recovered on behalf of NFU. He queried whether the vehicle was deliberately damaged after recovery.

Ultimately, NFU decided it was not economical to repair the vehicle. It offered to settle the claim by paying the market value of the car at the date of loss to Mr H. In assessing the market value, NFU consulted three valuation guides and found the following valuations: Guide 1 - £3,118; Guide 2 - £3,890; and Guide 3 - £4,996. NFU offered to settle Mr H's claim in accordance with Guide 3 in that the car was worth £4,996 on the date of loss.

Mr H did not accept NFU's valuation. He was also concerned about the damage he believed to have been caused in the recovery process. He thought the vehicle may have been deliberately damaged in order to have the vehicle 'written off'. In response, NFU said its valuation was fair. It said its repairer had no say in whether the vehicle was deemed a total loss and that the alleged additional damage would not have been caused during its recovery procedure. It offered to pay £50 to Mr H to compensate him for a customer service issue he encountered whilst his complaint was being investigated.

Mr H then complained to this service. Our investigator initially said she thought NFU needed to undertake some further work on its valuations. In particular, NFU needed to reconsider the mileage it had entered when obtaining the valuation in Guide 1. In response, NFU said the mileage of Mr H's car was 22,312 and the lowest mileage Guide 1 would accept was 30,000. NFU also agreed to cover the hotel costs Mr H incurred whilst waiting for the vehicle to be recovered.

Our investigator then reconsidered the complaint. She said she thought NFU's valuation was fair. She didn't think there was sufficient evidence to show the alleged additional damage had been caused after recovery. She thought it was fair for NFU to pay Mr H's hotel costs and to pay £50 to compensate him for the customer service issues it had identified.

As Mr H did not accept our investigator's view, the matter was 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 appreciate Mr H will be disappointed, but my decision is that NFU's valuation is fair. In addition to that, I agree with our investigator that it is fair for NFU to cover Mr H's hotel costs and to pay £50 to compensate him for the customer service issues it identified.

The first thing I've considered is the additional damage Mr H alleges was caused to his car during the recovery process. I can see from the complaint form that Mr H says there was '*extensive damage [amounting] to dents to the bodywork and paintwork damage to practically every panel or wing*' of his vehicle.

I appreciate Mr H feels strongly that his vehicle was further damaged during the recovery process. But even if I were to conclude that this were the case, if the additional damage means it is not economical to repair the vehicle, I can't say it is unfair for NFU to deem Mr H's car a total loss and pay the pre-accident market value of the vehicle.

With that in mind, I've looked at whether NFU's assessment of the market value of Mr H's car is fair. Insofar as they are relevant to this complaint, the terms and conditions that apply to Mr H's policy say that in the event of damage to his car, NFU will not pay more than the market value. 'Market value' is then defined as '*the amount it would cost to replace the [car]...with one of the same make, model, specification, age and condition*'.

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 obtaining the valuations, NFU entered the correct registration data, date of loss and (save for Guide 1) the correct mileage. NFU was unable to enter the correct mileage for Guide 1 and I can see that this guide produced a valuation that was somewhat lower than Guides 2 and 3. However, I don't think the difficulties with Guide 1 are material here. That's because NFU decided to settle the claim based on Guide 3 – the highest of the three guides at £4,996.

I appreciate Mr H doesn't accept Guide 3 represents a fair value of his vehicle. He sent us three adverts for cars that are similar to his. I have considered these adverts to see whether they suggest the valuation in Guide 3 was unfair.

The first two adverts show selling prices ostensibly of £7,500 and £9,000. Although similar, it looks as though the vehicles shown here are of a different specification to Mr H's car. In any event, the registration number for both these vehicles appears to be the same or very similar, which means it is possible the same car was for sale at the same time at significantly different asking prices. The third advert also appears to show a car with a different specification to Mr H's. I can't reasonably say the adverts show cars that are the same as Mr H's. It follows that, on balance, I can't reasonably say the adverts Mr H sent to us suggest the valuation shown in Guide 3 is unfair.

With all of this in mind, I haven't seen any evidence to reasonably suggest the valuation set out in Guide 3 is unfair. It follows that I am satisfied it is fair for NFU to settle Mr H's claim based on a valuation of £4,996 at the date of loss.

I recognise that Mr H encountered some customer service issues when NFU was dealing with his claim. NFU accepts that there was an error in some of the information it gave Mr H. I'm satisfied the £50 NFU offered in this regard is fair compensation here. I can see that our investigator also recommended that NFU cover Mr H's hotel costs of £95.30 and it has now agreed to do this.

### **Putting things right**

I require NFU to:

- a) Settle Mr H's claim based on a valuation of £4,996 at the date of loss.

- b) Pay £50 to Mr H to compensate him for the customer service issues identified above (if it has not done so already).
- c) Settle Mr H's hotel costs of £95.30 (if it has not done so already).

**My final decision**

I require The National Farmers Union Mutual Insurance Society Limited to put things right as I have set out above.

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

Nicola Bowes  
**Ombudsman**