

The complaint

Mrs R complains One Insurance Limited hasn't offered a fair value for her car following it being written off after it was stolen. She's also unhappy with the service received throughout this claim.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Mrs R insured her car with One under a motor insurance policy.

In March 2023, Mrs R's car was stolen. It was later recovered by the police after being used in the conduct of a crime and damaged as a result. One initially offered just over £20,800 to settle Mrs R's claim and later increased this to £23,878.

Mrs R wasn't happy, so she complained about the valuation offered and service received – she explained the claim had been filled with delays, false accusations and poor service. One maintained its valuation offer and didn't agree its service had fallen short. It explained due to concerns about modifications to the car it needed a further report and this took some time to obtain but apologised for any distress and inconvenience caused as a result. Mrs R didn't agree and brought the complaint to this Service for an independent review.

An Investigator at this service looked into matters. They ran their own valuations to verify those obtained by One. The Investigator also obtained two further results from other motor trade guides not used by One of £24,000 and £25,129. Ultimately, they decided One needed to pay more to Mrs R – the difference between the market value of the car based on the highest guide valuations (£25,129) and the amount it paid to her. In relation to the service failings Mrs R had raised, they felt the apology from One was a fair and reasonable way to settle this aspect of Mrs R's complaint. And the Investigator explained why, in this case, a courtesy car wouldn't have been due to Mrs R.

One didn't agree with the Investigators method of calculating a fair value. It considered the approach developed by this service should only be applied to future cases and is concerned this negatively impacts One where it'd adopted a different approach to the valuation of a vehicle which was previously considered fair.

Mrs R maintains the service of One was poor and she had to drive the claim.

As an agreement couldn't be reached, the matter was passed to me for a 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.

Having done so, I consider the Investigator explained matters clearly and I'm upholding Mrs R's complaint largely for the same reasons. I'll explain why.

It is my role is to decide whether One has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I don't think it has.

Where a car has been written off, it's usual for the insurer to pay the consumer the market value of the car immediately before the accident. This is what Mrs R's policy provides. It defines the market value as follows.

'The cost of replacing your car, if this is possible, with one of a similar make, model and specification, taking into account the age, mileage and condition of your car, immediately before the loss or damage happened.'

'In assessing the market value of your vehicle, we may refer to insurance industry recognised guides of vehicle values as well as searching for available vehicles being offered for sale to the general public.'

This means One will pay the value of the car immediately before the accident which, here, it determined to be £23,8787 after initially offering £20,800.

We use the same trade guides – in addition to two others - to help decide if a settlement offer is fair when valuing second-hand vehicles.

Having done so, I've noted the valuation offered by One is significantly lower than the amount the Investigator has suggested it should pay, which is based on the value provided by the highest guide. In this situation, One must show its offer represents a fair valuation. It hasn't sent this service any evidence to do so. Therefore, I've considered the guides obtained by our service and One and find the Investigators recommendation to be fair and reasonable in all the circumstances. I've thought about the optional extras Mrs R says the car had added to it when it was new. But I'm not satisfied they made a difference to the value of the vehicle at the date of loss. This is because one of the motor trade guides shows all optional extras for this vehicle no longer had any value by the date of loss.

In summary, I'm not satisfied One's offer for the market value of Mrs R's car was fair according to the terms and conditions of the policy. It now needs to put things right by taking the steps outlined below.

I note One states it has concerns about the developed approach of this service being applied to cases it has previously valued. This isn't a matter for this decision which specifically relates to the value for Mrs R's car. But I think it's important to say our approach has consistently been to ensure a valuation reflects the market value of a vehicle at the date of loss. And it's open to One to review total loss claims at any point before – or indeed after - a decision is issued by this service if this is with a view to increasing the offer made if it doesn't reflect a fair market value for the vehicle.

Finally, I recognise Mrs R also complains about the service received and time this matter has taken as well as the allegation made about modifications. That said, taking all the circumstances of the complaint into account, including the fact One is entitled to investigate concerns it reasonably has about the validity of a claim, the apology it gave, and interest awarded, I don't consider One should be required to take any further action to settle this part of the complaint.

Putting things right

One Insurance Limited must pay Mrs R the following.

1. The difference between what it paid Mrs R for her car (£23,878) and the highest guide value (£25,129) which I calculate to be £1,251 based on these figures.
2. 8% simple interest on the difference referred to in point 1 above from the date 30 days after Mrs R's claim was made up to the date of actual payment.

*If One Insurance Limited considers it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mrs R how much it's taken off. It should also give Mrs R a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons set out above, my final decision is I uphold this complaint. One Insurance Limited needs to do the things set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 29 February 2024.

Rebecca Ellis

Ombudsman