

## **The complaint**

Miss R has complained about Advantage Insurance Company Limited. She isn't happy about the valuation of her car after it was deemed a total loss following a claim under her motor insurance policy and about the subsequent cancellation of her policy.

## **What happened**

Miss R made a claim under her motor insurance policy and her car was deemed a total loss. When Advantage looked to settle the claim Miss R wasn't happy with the valuation of her car and the cancellation of her policy. Advantage cancelled her policy after 30 days as she didn't place another car on cover.

Advantage looked to value Miss R's car after it was written off by looking at two of the various trade valuation guides in order to gauge the market value of her car. It eventually offered Miss R £7,660 which was the average of the valuation guide prices it found (£7,920 and £7,400). But Miss R wasn't happy about this as she thought her car was worth a lot more than Advantage had offered and so she complained to this Service.

Our investigator looked into things for Miss R and eventually upheld her complaint. She looked at four of the motor trade valuation guides available for Miss R's car from around the time of claim and thought the fairest thing to do in this instance was to pay Miss R the highest of the trade guide valuations that she found (£8,326). This was because she didn't think Advantage had provided sufficient evidence to show that a lesser valuation was fair. She also explained to Miss R that Advantage was entitled to cancel her policy when she didn't place another car on cover within 30 days. And as Advantage was happy to provide a letter explaining this to Miss R, so she was reassured that she didn't have to declare she had an insurance policy cancelled, our investigator thought it acted fairly here.

As Advantage didn't agree the matter has been passed to me to decide.

## **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 agree that this complaint should be upheld. I'll explain why.

This Service has an approach to valuation cases like Miss R's. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions. I pay attention to the various trade valuation guides used for valuing cars. And I look at any other evidence provided by both sides. This evidence might include advertisements for the sale of similar cars. The condition of the car at

the time of the incident is also an important factor to consider. And I must emphasise that I will only order a business to increase its valuation if I consider it is unfair.

Valuing second-hand cars is far from an exact science and it isn't my role to value Miss R's car. I'm just looking to see if Advantage has acted reasonably in providing a fair market value of her car and, overall, I think its valuation wasn't fair.

Ultimately, the policy requires Advantage to compensate Miss R, the policyholder, for the market value of her car. The policy defines market value as '*The cost of replacing your Car in the United Kingdom at the time the loss or damage occurred with one of the same make, model, age and condition...*'.

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations – which is also our starting point for most valuation complaints. And so, I've looked at the available guides to assess whether Advantage's offer is fair and reasonable. I have reviewed four guides, which gave values of £8,326, £7,395, £7,367 and £7,920.

Looking at the valuations produced by the guides, I'm not persuaded that Advantage's offer of £7,660 is fair. This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. Advantage's offer sits towards the middle or lower values produced by these guides and two are higher, but it hasn't shown why its offer is fair, or that Miss R can replace her car with a similar one for the amount offered.

In these circumstances, to be satisfied Advantage's offer represents a fair valuation, I'd expect to have been provided with other evidence (for example, adverts for cars for sale around the time of the loss / expert reports etc) to support that a lower valuation point is appropriate. And I'd need to be satisfied that this evidence is relevant and persuasive before accepting that a lower valuation should be used.

Advantage has provided additional evidence which it feels supports its position and that a lower valuation is fair. But overall, its evidence isn't persuasive or as persuasive as the evidence provided by Miss R in support of her position. I say this as Advantage has only provided one advert in support of its position, but I wouldn't generally find one advert persuasive. Plus, I can't be sure when this advert was from, and it clearly says on the advert 'lower price' suggesting that this particular car is advertised at below the average price.

Given there isn't any other evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate, and to avoid any detriment to Miss R, the highest valuation produced by the guides is my starting point. And considering the overall variation of values produced, and the lack of other evidence provided, I consider that a more appropriate fair market valuation would be £8,326.

Turning to the subsequent cancellation of Miss R's policy it is commonplace across motor insurance for policies to cancel after a total loss claim if a new car isn't placed on cover. I can see that Advantage made Miss R aware of this in the policy documentation and around the time of claim. It has paid £30 by way of compensation for the way it explained things around this time and that feels fair. And it has agreed to send Miss R a letter explaining why the policy was cancelled and outlining that she doesn't need to tell insurers she has had a policy cancelled because of this in the future which I'm sure Miss R will find helpful.

As I've already outlined valuing second-hand cars is far from an exact science. But overall, I'm satisfied that a valuation in line with the higher trade guide feels fair. And I think that Miss R should be paid 8% simple interest for the time she has been without the additional money owed.

### **My final decision**

It follows, for the reasons given above, that I uphold this complaint. I require Advantage Insurance Company Limited to pay Miss R £8,326 for her car and 8% simple interest on any shortfall from the date of claim until the date of settlement. Additionally, it should provide a letter of explanation to Miss R about the cancellation of her policy as agreed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 8 March 2024.

Colin Keegan  
**Ombudsman**