

The complaint

Mr A complains Wakam's unfairly refused to pay him anything to settle his taxi insurance claim.

Wakam has been represented for the claim and complaint. For simplicity I've referred to the representative's actions as being Wakam's own.

What happened

In 2019 Mr A's taxi was damaged in a collision with a third party. He used his own solicitor to recover his losses from the third-party. In 2023 a court order set out that he and the third-party had agreed terms.

Mr A's provided a letter from his solicitor setting out that the claim was agreed on a split liability basis prior to a court hearing. The letter explains Mr A's vehicle was deemed a total loss with a pre-accident value (less the salvage) of £3,825. The third-party paid 50% of that - £1,912.50.

Following that agreement Mr A approached Wakam – who insured his taxi at the time of the loss. He asked that it pay him the remaining 50% of the total loss against his comprehensive policy. Wakam was aware of the claim from 2019. However, it didn't agree to pay Mr A anything. It said the taxi had a pre-accident value of only £1,200. It said as Mr A had received more than that already, from the third-party, it wouldn't be paying him anything.

Mr A wasn't satisfied with that. He said the third-party payment had been based on a market value of £4,500. In July 2023 Wakam issued a complaint final response. It didn't agree to Mr A's valuation of £4,500. It said its engineers had, in 2019, provided valuations of £1,200 and £1,500. Mr A wasn't satisfied so he came to this service. He wants Wakam to settle its share of the loss based on a market value of £4,500.

Our Investigator felt the limited available evidence supported a valuation of £1,500. Wakam accepted that – but said as Mr A had received more than that it didn't intend to pay him anything. Mr A wasn't satisfied so the complaint was 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr A and Wakam have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Insurance is intended to protect the policyholder against the risk of loss. Mr A suffered a loss when his taxi was damaged. His policy says Wakam will not pay more than the market value of the vehicle immediately prior to the time of the loss. Wakam's position is that he's already

received more than the market value from the third-party settlement. So as his financial loss has been fully covered there's no requirement, under the terms of his policy, for it to pay him anything.

I've considered if Wakam's decision is fair and reasonable. Mr A's received £1,912. It seems he retained the vehicle's salvage. So I've considered if both combined is enough to cover his financial loss. Essentially that means considering if Mr A's vehicle's market value, at the time of the loss, was higher than the payment (plus a consideration for the salvage) already received. So to uphold the complaint and require Wakam to pay Mr A anything I'd need to find a fair market value to have been, as a minimum, in the £2,200 - £2,500 range.

Market value is defined by Mr A's policy as the cost of replacing the vehicle with one of a similar make, model, age, mileage and condition immediately preceding the time of the loss. When looking into these types of complaints we check trade guides, adverts and other relevant evidence. We consider whether the insurer has made a reasonable market value assessment in line with the evidence.

Due to the nature of the vehicle – a London style taxi – and time since the loss I haven't been able to find a relevant trade guide valuation. In addition current adverts are of limited value as the loss occurred more than four years ago. As a result the best evidence is that gathered by Wakam and Mr A around the time of the loss.

Both provided engineer's assessments, from around the time of the loss, of the market value. Both were made back in 2019, without the assistance of trade guides. Both were based on adverts from two well-known websites - although Mr A's also considered a taxi sale website.

Mr A's engineer reached a £4,500 valuation and Wakam's was £1,200. There's a significant difference. So I've considered how both reached their valuations. Wakam's been able to provide six adverts, from 2019, its engineer based his valuation on. However, Mr A's hasn't provided similar primary evidence to support his. He's referred to 2023 adverts – but they are of limited use when considering a 2019 market value.

Wakam's six adverts are for taxis of the same make and model. They are of a very similar, if not exact, age. The mileages can be seen on four. These range from 287,000 to 424,000. Mr A's is listed at 363,000 on his engineer's report. The asking price range of those four is £1,200 to £2,250. The two without a visible mileage are both priced at around £2,500.

Considering the asking prices, mileage and so on it's possible that Wakam's £1,200 valuation isn't reasonable. However, I'm not persuaded that a fair market value would have been higher than £2,200 – the threshold I set out above.

Ultimately Wakam's engineer has been able to evidence the lower valuation range, whilst Mr A's hasn't. I've considered all of his evidence, including a statement from a second engineer supporting a higher market value. I've taken into account his comments about emissions and local requirements for taxis. But for me the most persuasive is the adverts from around the time of the loss.

I understand this will be frustrating for Mr A but Wakam's decision not to provide any further settlement is fair and reasonable. So I'm not going to require it to pay him anything or to do anything differently.

My final decision

For the reasons given above, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 March 2024.

Daniel Martin
Ombudsman