

The complaint

Mr P has complained about Liverpool Victoria Insurance Company Limited (LV). He isn't happy about the valuation of his car after a claim under his motor insurance policy and that he wasn't allowed to retain the car after it was written off.

What happened

Mr P made a claim under his motor insurance policy and his car was deemed a total loss. When LV looked to settle the claim Mr P wasn't happy with the valuation of his car and that LV scrapped his car without offering him the chance to retain the salvage.

LV looked to value Mr P's car after it was written off by looking at two of the various trade valuation guides available in order to gauge the market value of his car. It offered Mr P around £17,495 (which was above the guide valuations it found) less the policy excess. But Mr P wasn't happy about this as he thought his car was worth a lot more and that he couldn't buy another car for a similar amount, especially as his was an older modern classic car. Although LV was satisfied its market value offer was fair it did acknowledge when Mr P complained that it should have allowed him the option to keep his car (the salvage) and it offered £500 by way of compensation for its error. But Mr P remained unhappy, so he complained to this Service.

Our investigator looked into things for Mr P and thought that LV's offer of £17,495 was fair. This was because even though Mr P's car was over 20 years old LV had managed to get two trade guide valuations and a valuation from an independent engineer and offered more than all those valuations. He did ask whether LV would increase its offer slightly, but it maintained its offer was fair. And he thought LV's offer of £500 compensation for not engaging with Mr P before sending his car for salvage was fair.

As Mr P maintained that his car was worth more the matter has been passed to me for review.

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 with the position outlined by our investigator in their formal view. I know this will come as a disappointment to Mr P, but I'll explain why.

This Service has an approach to valuation cases like Mr P'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.

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. This case is slightly complicated by the age of Mr P's car which limits the number of valuations that can be gained for his car from the valuation trade guides. But I've looked at

the available information, including from the guides that LV was able to access, to assess whether its offer was fair and reasonable. The valuations provided values of £12,172, £15,290, and LV's own independent engineer provided a valuation of £17,000. And I've also considered the additional evidence Mr P provided, specifically the advertisements he sent in.

Our investigator reached out to LV to see if it would increase the value by a small amount, but LV wasn't persuaded, and I can understand that. In my view the most persuasive additional evidence of market value is that produced by LV because it came from the only available trade valuation guides and the independent engineer's evidence. I've thought a lot about the valuations produced by the guides and LV has offered more than these and the independent engineer's valuation so I can't say it has acted unreasonably here. And it has taken account of the various additions to the car.

I know Mr P provided some evidence which he thought suggested his car was worth more. But in the main these adverts were for cars with different specification and mileage to his, so I can't say they are reflective of the market value of his car. And I've seen other adverts for cars advertised for less than LV has offered Mr P by way of market value so I don't think I can say its valuation was unfair. And I do accept Mr P's car was in good condition and he pointed out some of the work that has been undertaken to his car. But keeping a car in good roadworthy condition is expected and LV has made an offer in line with this and hasn't looked to make any deductions.

I understand Mr P has said that he'd like to get a further report from an independent expert regarding the valuation of his car. But I'm not sure how helpful that would be now the car has been sold and Mr P has had a long time to get this information rather than leave it until this late stage. Ultimately, I haven't seen sufficient evidence to say the valuation is unfair, and Mr P needed to take out an agreed valuation policy if he thought his car was worth a lot more, as opposed to a market value policy.

Given all of this I consider that LV's offer is fair and reasonable in all the circumstances because it's supported by the available evidence from the guides and its independent engineer. Valuing second-hand cars is far from an exact science and it isn't my role to value Mr P's car. I'm just looking to see if LV has acted reasonably in providing a fair market value of his car and, overall, I think its valuation was fair.

In relation to LV's failure to engage properly with Mr P about the possibility of him retaining the salvage for his car I agree that it didn't act fairly and made an error here. Had LV have engaged with Mr P about the retention of his car it is likely he would have looked to keep it. However, LV's offer of £500 compensation is in line with the kind of award I would ordinarily make in circumstances like these, so I won't be asking it to do anymore here.

Finally, I note Mr P has raised additional points about additional items on the car. It isn't clear if these are additional extras or items left in the car. If they were additional modifications I'm satisfied that LV has already taken these into consideration when it valued his car. And if any items of property were left in the car when it was sent for salvage then Mr P would have to raise this as a complaint with LV in the first instance and allow it the chance to address this before advancing a complaint with this Service.

My final decision

It follows, for the reasons given above, that I think Liverpool Victoria Insurance Company Limited have offered a fair market value of Mr P's car (£17,495) and £500 compensation.

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

Colin Keegan
Ombudsman