

The complaint

Miss H has complained about Accredited Insurance (Europe) Ltd. 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.

What happened

Miss H made a claim under her motor insurance policy and her car was deemed a total loss. When Accredited looked to settle the claim Miss H wasn't happy with the valuation of her car. It looked to value Miss H's car after it was written off by looking at a number of the various trade valuation guides in order to gauge the market value of her car. It initially offered Miss H £9,000 which was the average of the three guides it looked at before increasing the valuation to £9,650 which was below the highest guide price. But Miss H wasn't happy about this as she thought her car was worth a lot more than Accredited had offered so she complained to this Service.

Our investigator looked into things for Miss H and upheld her complaint. She looked at four of the motor trade valuation guides available for Miss H's car from around the time of claim and thought the fairest thing to do in this instance was to pay Miss H the highest of the trade guide valuations that she found (£10,623). This was because she didn't think Accredited had provided sufficient evidence to show that a lesser valuation was fair.

As Accredited 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 H'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 H's car. I'm just looking to see if Accredited has acted reasonably in providing a fair market value of her car. The policy requires Accredited to compensate Miss H, the policyholder, for the market value of her car which the policy defines as *'The cost of replacing your car in the UK*

with one of a similar make, model, age, mileage and condition, immediately before the loss or damage happened’.

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. I’ve looked at the available guides to assess whether Accredited’s offer is fair and reasonable. And I have reviewed four guides, which gave values of £7,810, £9,425, £9,863 and £10,623.

Looking at the valuations produced by the guides, I’m not persuaded that Accredited’s offer of £9,650 is fair. This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. Accredited’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 H can replace her car with a similar one for the amount offered.

In these circumstances, to be satisfied Accredited’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 / experts reports etc) to support that a lower valuation point is appropriate. And I’d need to be persuaded that this evidence is relevant and persuasive before accepting a lower valuation should be used.

As Accredited haven’t provided 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 H, the highest valuation produced by the guides is my starting point. So, 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 £10,623.

Finally, I note that Accredited has questioned whether the final figure arrived at here by our investigator (the highest guide valuation of £10,623) is fair. This is because it gained a lower valuation when it used the same guide originally. But sometimes the figures obtained from the guides can differ slightly as has happened in this instance. This is because some of the guides regularly update their data which can cause this and so the valuation reached by our investigator, for Miss H’s specific make and model with the correct mileage, is more up to date.

As 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 guide feels fair. And I think that Miss H 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 Accredited Insurance (Europe) Ltd to pay Miss H £10,623 for her car and 8% simple interest on any shortfall from the date of claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss H to accept or reject my decision before 23 February 2024.

Colin Keegan
Ombudsman