

The complaint

Ms H complains about Ageas Insurance Limited's valuation of her car following a claim on her car insurance policy.

What happened

Ms H's car was written-off by Ageas following an accident. Ms H says the settlement Ageas offered for her car wasn't reasonable, so she complained. Ageas responded and said the market valuation for Ms H's car was £3,280.

Our investigator looked into things for Ms H. He thought Ageas hadn't offered a fair settlement and recommended they increase the valuation to £3,577. He asked Ageas to pay the difference to Ms H together with 8% simple interest on the additional settlement amount.

Ageas accepted our investigator's findings. Ms H disagreed with the outcome. She said all the adverts available for her car specification provided an average value of £4,000. She also believes the investigator has used cars that aren't the same age as her car to come to his outcome.

The complaint 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've decided to uphold the complaint. I think the investigator's recommendation here is a fair way to settle the complaint. I know Ms H will find this disappointing, but I've explained my reasons below.

Ms H's policy document sets out what she is covered for in the event of an accident. The terms set out that the maximum Ageas will pay out in the event of a claim is the market value of the car. The policy defines market value as:

*'The cost of replacing **the car** with another of the same make, specification, model, age, mileage and condition as **the car** immediately before the loss or damage happened.'*

As a service, to assess whether a reasonable offer has been made, we obtain valuations from four motor trade guides. These are used for valuing second-hand vehicles. We find these guides to be particularly persuasive. This is because their valuations are based on nationwide research of likely selling prices. The guides take into account the exact vehicle derivative and mileage for the date of loss.

Ageas only used two trade guides, Glass's (£3,280) and CAP (£3,163). Our investigator also used Percayso (£3,577). Ms H's car was too old to be valued by Autotrader's guide. As a service, we think insurers should base their settlement offer in line with the highest available guide unless there is sufficient evidence to persuade us otherwise.

Ms H has raised that she doesn't think the correct variant (Sports Pack) has been used to value her car. The guides use the registration number to attain the exact variant, this is linked to data held by the DVLA. Having reviewed the investigator's valuation reports, I'm satisfied that the correct variant has been used.

Ms H is under the impression that the investigator and the guides have used cars that are older than hers to come to a valuation figure for her car. I appreciate many of the vehicles used in the trade guide's valuation were older than Ms H's car. However, the guides use large amounts of data to come to their valuation figures. Whilst some of the guides provide a list of recent similar vehicles, the valuation figure isn't solely based on these specific vehicles.

Ms H has also provided us with adverts and a matrix of values she's seen throughout the complaint process from different parties. I've considered this evidence in detail. However, whilst I agree the average of the values listed is around £4,000, I don't think all the adverts on there show that the valuation is too low. As an example, some of the adverts provided are for cars with an automatic transmission but the advert from when Ms H bought her car lists it as a manual. There are also lots of vehicles with a lower mileage than Ms H's car which I would expect to have a higher value.

The trade guides are experts in this area and use a lot of information when coming to their valuation figures. I acknowledge that Ms H believes her car should be valued higher, but I've not seen enough evidence to persuade me a settlement of £3,577 is unfair in the circumstances of this case.

Putting things right

Ageas should pay Ms H the difference between their valuation of £3,280 and a valuation of £3,577. Ageas should also add 8% simple interest* per year on the additional settlement amount from the date they paid their settlement amount to the date the additional amount is paid

* If Ageas considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms H how much it's taken off. It should also give Ms H a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold the complaint. Ageas Insurance Limited must take the steps in accordance with what I've said under "putting things right" above, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 26 March 2024.

Anthony Mullins
Ombudsman