

The complaint

Mrs B complains about the valuation of her vehicle following a claim under her motor insurance policy with Covea Insurance plc (Covea).

References to Covea in this decision include their agents.

This decision covers Mrs B's complaint about the valuation of her vehicle following Covea's decision to treat the vehicle as a total loss. It includes Covea's final response issued in September 2023 to Mrs B's complaint made to them about the valuation of her vehicle. It also covers an associated issue about the registered keeper of the vehicle. It doesn't cover other issues raised about the handling of her claim, which are the subject of separate complaints and investigations by this Service.

This decision is also based on the information and evidence provided by Mrs B and Covea. Covea didn't supply their business file with claim notes and other information we requested. However, I'm satisfied there is enough evidence and information to issue a decision on the specific aspects of complaint set out above.

What happened

In August 2023 Mrs B was involved in an accident with her vehicle. She contacted Covea to tell them about the accident and lodge a claim. Covea subsequently had an engineer inspect the vehicle. The engineer assessed the damage and based on their assessment, Covea deemed the vehicle to be a total loss.

However, before progressing the claim, Covea asked Mrs B about the vehicle's registered keeper. When she took out her policy, she put herself down as the registered keeper. However, when she told Covea about the accident, she said the registered keeper was a family member. Because of the discrepancy, Covea asked her for evidence she had a financial interest in the vehicle, as their underwriting guidance meant they wouldn't offer policies to a policyholder where they weren't the registered keeper of the vehicle. Because of the discrepancy, Covea put the claim on hold. The family member was subsequently able to provide information about the circumstances of the vehicle's purchase and why they were the registered keeper. Satisfied with the explanation, Covea reopened the claim.

As the vehicle was deemed a total loss, Covea made Mrs B a settlement offer of £21,311 (less the policy excess of £525) based on what they considered to be the market value of the vehicle, taking account of the make, model, age, mileage and condition. Mrs B wasn't happy with the valuation, saying it was significantly less than the value of similar vehicles she'd found advertised for sale.

So, she complained to Covea. Covea upheld Mrs B's complaint. In their final response they referred to settlement where a vehicle was deemed a total loss was based on market value. This was defined as the cost of replacing the vehicle with one of the same make, model, specification, year, mileage and condition. When considering market value, account would be taken of the vehicle's current condition, age and mileage, as well as research of advertised prices of like-for-like models – though advertised prices wouldn't be a guarantee

of actual sale prices. Covea also referred to published values from recognised industry valuation guides (retail values).

Taking values from several guides, Covea discarded one value (being lower than the others) and calculated an average of £21,312 which – after discarding the one guide meant a revised average of £21,568. This meant an increase of £257 in their settlement offer (less the policy excess of £525, a net settlement of £21,043).

Mrs B then complained to this Service. She said Covea had offered her £5,000 less than what she would need to purchase a replacement vehicle of the same make, model, condition, mileage and other factors. She said secondhand vehicle values had increased since the Covid Pandemic and she'd purchased her vehicle from a main dealer as she felt she could trust them more than other dealers. Covea's offer affected her ability to purchase a replacement vehicle with a similar specification. She had physical and mental health issues, so needed to drive a vehicle in which she felt confident when travelling.

Our investigator initially upheld the complaint in part. He thought Covea had valued the vehicle fairly, based on three valuations from industry guides. Using the guides available to this Service, three provided values lower than Covea's revised offer, and one within the range of Covea's guide values. Covea had supplied two sales adverts for similar vehicles to that of Mrs B, both at values below Covea's settlement offer, Mrs B had supplied three sales adverts at higher values, but they had lower mileages than Mrs B's vehicle. Two other sales adverts on a different media platform had higher values, but no mileage figures.

But the investigator wasn't satisfied Covea had acted fairly in not offering redress for service failings. And while Covea's revised settlement offer was fair, this was only after she complained. The investigator thought Covea should pay Mrs B £150 for distress and inconvenience.

Mrs B disagreed with the investigator's initial view. She said her vehicle had several extras fitted and had recently had new tyres, brake pads and battery (as well as MOT and service). So, Covea's offer wasn't enough for her to purchase an equivalent vehicle to her own. Covea also disagreed with the investigator's view. They referred to their initially putting the claim on hold because of the discrepancy over the registered keeper of the vehicle, but then reopening the claim (and making an initial settlement offer) when the discrepancy was resolved to their satisfaction.

The investigator issued a revised view, taking account of the points made by Mrs B and Covea. While he still thought Covea's offer was fair, the additional information from Covea persuaded him they hadn't acted unfairly in respect of the service issues (about the discrepancy over the registered keeper of the vehicle). So, he wouldn't be asking them to pay compensation to Mrs B.

Mrs B disagreed with the investigator's revised view and asked that an ombudsman review the complaint.

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.

My role here is to decide whether Covea have acted fairly towards Mrs B. In doing so, I've been mindful of what Mrs B has told us about her circumstances and her health and vulnerability. While the specific complaint covered by this decision doesn't include any

issues around liability for the accident, I've also noted the circumstances of the accident in which she was involved. I can appreciate how traumatic it was for her and her passenger.

The two issues I've considered in Mrs B's complaint (and this decision) are, firstly, whether Covea acted fairly in the settlement offer they made for Mrs B's vehicle as a total loss. Mrs B says it's too low, meaning she can't purchase a replacement vehicle equivalent to her vehicle. And the offer doesn't adequately reflect the condition of her vehicle and its specification, including optional extras fitted to the vehicle. Covea say they've made a fair offer, based on retail values from recognised industry guides.

A second issue is how Covea assessed the claim, specifically the issue about the vehicle's registered keeper. Mrs B says she was made to feel like a criminal by Covea. Covea say they needed to resolve a discrepancy in the registered keeper of the vehicle disclosed when Mrs B took out her policy (herself) and the registered keeper provided to Covea when she notified them of the accident (a family member). When this was resolved, they reopened the claim and made a settlement offer.

On the first issue, I've looked at the information and evidence available. Covea's final response set out the individual industry guide valuations (retail values) they used to determine their revised settlement offer. Looking at the values, adjusted for the vehicle mileage, they range from £20,542 to £22,092. Covea discarded the lowest figure (the intervening figures were £21,080 and £21,533) which I think is reasonable. So, the average of the three remaining figures was £21,568 (the settlement figure offered, less the excess).

I've also looked at the valuations obtained from the recognised industry guides used by this Service. These range from £20,250 to £21,211. As Covea's settlement offer is greater than this range, I've concluded they made a fair and reasonable offer for Mrs B's vehicle. I recognise Mrs B has provided examples of similar vehicles advertised for sale at higher values, but they are advertised values for individual vehicles and may not reflect actual sale prices or be representative of the market as a whole.

In her response to our investigator's initial view, Mrs B points to the value of work carried out on her vehicle. But these are maintenance items to maintain the vehicle's roadworthiness and safety – they won't be reflected in the market value of the vehicle.

Mrs B also points to specific optional extras fitted to the vehicle. But using an industry guide that estimated the value of optional extras to a vehicle – that is, how much extra value do specific options add to the market value of a vehicle – then they would add £500 to the value. Adding this figure to the values from our industry guides would only put the value closer to that offered by Covea.

Taking all these factors into account, I've concluded Covea acted fairly and reasonably in their revised settlement offer to Mrs B.

Turning to the second issue, from what I've seen, the discrepancy between the registered keeper in the policy and the actual registered keeper came to light when Mrs B notified Covea of the accident. This would have meant Mrs B provided incorrect information when she took out the policy, albeit unwittingly from the explanation subsequently provided by the family member who was the actual registered keeper. As a potential misrepresentation when she took out the policy, and as Covea's underwriting guidelines meant a policyholder couldn't take out a policy on a vehicle for which they weren't the registered keeper, Covea could have had grounds to avoid the policy. That is, treated it as though it had never existed.

Given this, I think it was reasonable for Covea to ask Mrs B further questions about the issue as part of their assessment and validation of the claim. The family member having done so,

for reasons I think persuasive for the arrangement, I think it was fair and reasonable for Covea to restart the claim (the following day) and make an initial settlement offer shortly afterwards. While the need to seek clarification about the vehicle's registered keeper meant a short delay in Covea assessing the claim and making a settlement offer, I don't think this was unreasonable.

So, I won't be asking Covea to take any further action.

My final decision

For the reasons set out above, it's my final decision not to uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 30 April 2024.

Paul King
Ombudsman