

## **The complaint**

Mr J complains about how One Insurance Limited (OIL) handled the claim made on his motor insurance policy and the market value applied to the car.

## **What happened**

In July 2023, Mr J's car was stolen. Mr J claimed on his car insurance policy with OIL.

OIL valued Mr J's car using two motor valuation guides and offered Mr J £25,500. Mr J didn't think this was enough to replace his car with a similar vehicle and complained. OIL reviewed the complaint and changed its offer to £26,775. Mr J still didn't feel this was enough and referred his complaint to this Service for an independent review. He explained the impact this matter had on his situation.

An Investigator reviewed the complaint and found the three further valuation guides we use produced valuations (£25,750, £27,130 and £27,820) which were higher than the one OIL had sent evidence of to us (£27,221). Because of this, they recommended OIL pay the highest value produced by the valuation guides of £27,820 plus interest. The Investigator noted OIL had paid £75 to Mr J for the delays experienced in handling his claim as a result of a complaint raised before the settlement had been offered to Mr J. And he considered this was fair in the circumstances.

OIL didn't agree and asked for an Ombudsman's decision. It said it was unhappy the approach was being applied to cases which had been with this service before December 2023. The Investigator explained why the offer OIL had made was below market value and its comments didn't change his view. As OIL didn't agree, the complaint has come 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'm upholding this complaint. I'll explain why.

It's my role is to decide whether OIL has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. This has always been the approach of this Service to complaints like this. Based on what I've seen, I don't think it has.

Where a car has been stolen, it's usual for the insurer to pay the consumer the market value of the car immediately before the accident. This is what Mr J's policy provides. It defines the market value as follows:

*'This is how much it costs to replace your car with another that is a similar make, model or has the same features. This depends on how old your car is, how many miles it has done, and its condition (paint work, mechanics, rust and so on).'*

*When we look at the market value of your van, we might use guides that are used in the car insurance industry and search for similar cars for sale to the public.'*

This means OIL will pay the value of the car immediately before the accident which, here, it ultimately determined to be £26,775.

We use one of the same industry recognised valuation guides as OIL – in addition to three others - to help decide if a settlement offer is fair when valuing second-hand vehicles. Determining the market value of a car isn't an exact science but, by using all four guides, we're satisfied this gives the best picture of the value of a consumer's vehicle.

Having looked at these guides for Mr J's car, I can see all three gave a value in addition to the one provided by OIL (£25,750, £27,130, £27,221 and £27,820).

The valuation offered by OIL is lower than the amount the Investigator has suggested it should pay, which is based on the value provided by the highest guide. In this situation, OIL must show its offer represents a fair valuation at the time of loss. I'm not persuaded it has. OIL's offer sits at the lower end of the range, it's under the average and it's less than three of the valuations provided by the guides.

Having considered all the evidence provided – including the guides obtained by our service and OIL, I find the Investigator's recommendation to be one which is fair and reasonable in all the circumstances. By using the highest of the available guides as a starting point, I'm satisfied Mr J is being given the best chance of replacing his vehicle with one of '*a similar make, model or has the same features*' in accordance with the policy terms. As a result, OIL now needs to put things right by taking the steps outlined below.

It's clear OIL's service and handling of this claim has fallen below the standards required under ICOBS. I also recognise Mr J has been distressed and inconvenienced by the time it has taken for OIL to pay his claim. I have taken into account, however, that he isn't entitled to a courtesy car in this situation. Having done so, and when considering the totality of the redress awarded in this complaint and the compensation of £75 already paid to Mr J, I'm satisfied this is a fair and reasonable way for OIL to put things right in all the circumstances.

As set out by the Investigator, this decision covers the valuation of Mr J's vehicle and handling of the claim by OIL.

### **Putting things right**

To settle the complaint in this matter, One Insurance Limited will need to do the following.

1. Pay £27,820 to Mr J, less interim payments already made, outstanding premium payments due from Mr J and the applicable excess (if any).
2. Pay 8% simple interest\* on the amount due to Mr J under point 1 above from the date 30 days after Mr J's claim was made up to the date of actual payment.

\*If One Insurance Limited considers it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr J how much it's taken off. It should also give Mr J a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

**My final decision**

For the reasons set out above, my final decision is to uphold this complaint against One Insurance Limited. It now needs to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 6 May 2024.

Rebecca Ellis  
**Ombudsman**