

## **The complaint**

Mrs G complains about how Premier Insurance Company Limited (Premier) handled the claim made on her motor insurance policy and the market value applied to the car.

## **What happened**

In September 2023, Mrs G's car was involved in an accident. Ultimately, Mrs G claimed on her car insurance policy with Premier.

Premier valued Mrs G's car using a motor valuation guide and an engineer's report and offered Mrs G £1,750, having deducted £230 for pre accident damage. Mrs G didn't think this was enough to replace her car with a similar vehicle and complained. Premier reviewed the complaint but didn't change its valuation, so Mrs G referred her complaint to this Service for an independent review. And she explained the impact this matter had on her.

An Investigator reviewed the complaint and found the three further valuation guides we use produced valuations (£1,745, £1,766 and £2,095) in addition to the one obtained by Premier (£1,980). Because of this, they recommended Premier use the highest value produced by the valuation guides of £2,095 for the vehicle's value plus interest. The Investigator also asked Premier to pay £200 to Miss G for the distress and inconvenience caused by this in addition to being given incorrect or misleading information during the claims journey.

Premier didn't agree and asked for an Ombudsman's decision. It doesn't agree it's fair to use the highest guide as the fair value in this matter – and says this should be disregarded as an outlier and the lower two guides should be used as there's less variance in them. It also stated this Service should consider which guide is more suitable for reasons other than value. The Investigator explained why its comments didn't change her view. As Premier 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 Premier 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 written off, it's usual for the insurer to pay the consumer the market value of the car immediately before the accident. This is what Mrs G's policy provides. It defines the market value as follows:

*'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.'*

This means Premier will pay the value of the car immediately before the accident. We use one of the same industry recognised valuation guides as Premier – 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 Mrs G's car, I can see all three gave a value in addition to the one provided by Premier (£1,745, £1,766, £1,980 and £2,095).

The valuation offered by Premier 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, Premier must show its offer represents a fair valuation at the time of loss. I'm not persuaded it has shown this. Neither has it demonstrated why the guide referred to by the Investigator for market value isn't reliable in this particular claim.

Having considered all the evidence provided – including the guides obtained by our service and Premier as well as the engineers report, 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 Mrs G is being given the best chance of replacing her vehicle with one of *'the same make, specification, model, age, mileage and condition'* in accordance with the policy terms. As a result, Premier now needs to put things right by taking the steps outlined below.

I recognise Mrs G has been distressed and inconvenienced by the time it has taken for Premier to pay her claim and the times she's had to contact Premier and was given unclear or confusing information. I say this particularly at a time when she has been struggling financially. Taking this into account, I haven't seen any evidence from Premier I should interfere with the recommendation made by the Investigator to pay Mrs G compensation of £200. I'm satisfied this is a fair and reasonable way for Premier to put things right in all the circumstances.

### **Putting things right**

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

1. Use £2,095 as the value of Mrs G's vehicle in this claim. This appears to leave £115 to be paid to Mrs G calculated by deducting from the vehicles value the interim payment (£1,270), pre accident damage value (£230), salvage value (£280) and excess (£200).
2. Pay 8% simple interest\* on the amount due to Mrs G under point 1 above from the date 30 days after Mrs G's claim was made up to the date of actual payment, less any further interim payments made.
3. Pay compensation to Mrs G of £200.

\*If Premier Insurance Company Limited considers it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mrs G how much it's taken off. It should also give Mrs G a certificate showing this if she asks for one, so she 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 Premier Insurance Company 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 Mrs G to accept or reject my decision before 8 May 2024.

Rebecca Ellis  
**Ombudsman**