

The complaint

Miss B complains Ageas Insurance Limited's offer to settle her motor insurance claim is too low.

What happened

In October 2023 Miss B's car was damaged. Her motor insurer, Ageas, considered it a total loss. It offered a cash settlement based on a market value of £2,690. Miss B felt it wasn't enough to fund a replacement. So she declined the offer and made a complaint.

Ageas issued a complaint response. It said its settlement offer represents a fair market value. It explained the market value had been reviewed in line trade guide valuations – taking into account the mileage and condition of the vehicle. So it didn't increase its offer. It apologised for not replying to some emails and offered £150 compensation. Miss B wasn't satisfied with Ageas's response, so came to the Financial Ombudsman Service. She wants Ageas to increase its settlement offer.

Our Investigator felt Ageas' settlement offer fairly reflected the market value of Miss B's vehicle. He wasn't persuaded by her evidence, including several adverts, that a higher settlement would be the fair outcome. As Miss B didn't accept that outcome the complaint was 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.

Miss B's policy covers her car against loss or damage caused by an accident. The policy says Ageas, if her car is considered a total loss, will pay her its market value. Market value is defined by the policy as the cost of replacing the car with one of a similar age, type, mileage and condition before the loss or damage happened.

So I've considered if Ageas' offer to settle Miss B's claim is fair and in line with these terms. When looking into these types of complaints we check trade guides, adverts and other relevant evidence. We consider whether the insurer has made a reasonable offer in line with the evidence. We generally find the guides persuasive as they're based on nationwide research of likely selling prices, so they can be more reliable than individual adverts. But as I've said we do consider other evidence.

I've considered valuations provided to this service by four trade guides. These were for the specific make and model of Miss B's car at the time of the loss – using appropriate age and a mileage of around 130,000. They are £2,448, £2,690, £2,650 and £2,199. Ageas' market value is in line with the highest of those valuations. So it seems, on that evidence alone, a fair market value.

However, I've also considered any additional evidence provided by Miss B to decide if a higher market value might be reasonable. Miss B's provided a few adverts. One is priced at

£3,795 but doesn't show the vehicle's mileage. So I can't place much weight on that example. Others are priced at £3,000 and £3,495. However their mileage, at around 95,000, is significantly lower than Miss B's car.

She's said mileage doesn't affect value – unless the mileage happens to be very low – with 44,000 or 54,000 given by her as examples of a low mileage. However, I'm satisfied, based on what I've seen and my experience, that mileage is likely a key reason for the variance in guide valuations for her car and the prices in her adverts. So for me the adverts provide further support for Ageas' market value being a fair one.

In response to our Investigator's assessment Miss B said her car had 125,000 miles, not 130,000. However, records show the car at 125,400 miles at its November 2022 MOT. So I think it likely, by the time of the October 2023 loss, it would be closer to 130,000. For that reason I'm satisfied that higher figure is the fair mileage to apply when considering the value.

So I'm satisfied Ageas' offer to settle Miss B's claim is fair and in line with the terms of her policy.

Ageas offered £150 to recognise poor customer service. Having reviewed the complaint I'm satisfied that's enough to recognise any poor customer service Miss B did experience.

My final decision

For the reasons given above, I don't require Ageas Insurance Limited to pay Miss B anything more to settle her claim or to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 April 2024.

Daniel Martin
Ombudsman