The complaint

Mr A complains about the settlement Ageas Insurance Limited paid him following a claim on his motor insurance policy.

Reference to Ageas includes its agents.

What happened

Mr A held a motor insurance policy with Ageas. When his car was involved in an incident, he made a claim for the damage.

Ageas accepted the claim. It deemed Mr A's car a total loss and wrote it off. It paid Mr A settlement of £4,148 (minus the policy excess). It said this represented the market value of Mr A's car at the time of the incident.

Mr A didn't think this was fair and complained. He thought his car was worth more.

Ageas didn't change its stance. It maintained that its offer was fair and pointed out that Mr A's car had been written off previously, which it said would reduce its value.

Mr A didn't agree and brought his complaint here.

One of our Investigators recommended it be upheld. She thought Ageas' starting point for its valuation was too low and she didn't think Ageas had evidenced a deduction to Mr A's car was fair. She recommended Ageas increase its value by £2,000.

Ageas didn't agree and asked for an Ombudsman's decision.

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.

- Mr A's policy with Ageas says the most it'll pay for any claim is the market value of the vehicle. It 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."*

- Ageas used two recognised valuation guides to value Mr A's car. It then deducted 15% off that value because Mr A's car was a previous write off, which Ageas said would make it worth less than one that hadn't been previously written off.

- We use the same valuation guides as Ageas used here, plus where available, two more. Using the two valuations Ageas provided, plus the one other guide that returned a value for Mr A's car we're presented with three valuations, £4,529, £4,880 and £6,148.

- To ensure a consumer gets a fair value for their vehicle, our service's approach is to start with the highest of the available valuations. If an insurer thinks less than the highest valuation is fair, then it needs to provide evidence to support that.

- Here, Ageas has provided adverts. But like our Investigator, I'm not persuaded by these. They're not for the same age vehicle. I appreciate Ageas has said that the age difference wouldn't make a huge difference on this car, but it's not evidenced that statement.

- Mr A has also provided adverts, most of these showing the car for sale for significantly more that Ageas' offer. These adverts look to be for the right year, but most of them have less mileage than Mr A's car.

- Overall, I'm not persuaded any of the adverts provided are more persuasive than the valuation guides – because they're not a close enough match to Mr A's car.

- Therefore, I think the starting point for the value of Mr A's car should be the highest of the valuation guides - £6,148.

- Ageas deducted 15% from the valuation guides when valuing Mr A's car. It said this was because it was a previous total loss. Our Investigator asked for evidence that the previous total loss would affect Mr A's car's value by the 15% it deducted. It didn't provide any but said our service's approach was that a 20% deduction was fair, so because it deducted less, it felt its deduction fair.

- Our approach was that an amount up to 20% was reasonable. However, we need to see evidence of any deduction being fair. This is because whilst a car's value may be affected if it's previously been written off, that's likely to affect different cars differently. For example, a previously written off one year old vehicle is likely to be worth less than one that wasn't written off. But a previously written off 20-year-old vehicle might not be affected by the same percentage deduction when compared to one that's not been previously written off.

- Because Ageas hasn't evidenced what, if any, deduction is fair in this particular case, I don't find it fair that it makes any reduction at all. Therefore, it should settle the claim on the basis the market value of Mr A's car is £6,148.

My final decision

My final decision is that I uphold this complaint. To put things right I require Ageas Insurance Limited to:

- Pay Mr A £2,000. This is the difference between what it deemed the market value of Mr A's car to be (£4,168) and what I consider to be a fairer valuation as set out above (£6,148).

- 8% simple interest per annum should be added to this payment. Interest should be calculated from the date Ageas settled Mr A's claim, to the date it makes this payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 July 2024.

Joe Thornley

Ombudsman