

## **The complaint**

Mr G complains that One Insurance Limited mishandled his claim on a motor insurance policy.

## **What happened**

The subject matter of the claim and the complaint is a car that had first been registered in about 2016.

Mr G acquired the car and changed its registration to a cherished number.

For the year from December 2023, Mr G had the car insured on a comprehensive policy with One Insurance. Mr G was the policyholder. The policy also covered his wife as a named driver. Any claim for fire damage was subject to an excess of £400.00.

Unfortunately, in October 2023, Mr G reported that a fire had damaged the car (and other vehicles).

Much of the complaint is about acts or omissions of claims-handlers on behalf of One Insurance. Insofar as I hold One Insurance responsible for them, I may refer to them as acts or omissions of One Insurance.

By emails dated 13 October 2023, One Insurance said Mr G's car was a total loss, that the car's pre-fire value had been £7,880.00 and that it had waived the excess.

By an email dated 14 October 2023, Mr G's wife complained to One Insurance as follows:

- It was under-valuing the car.
- It wasn't providing a courtesy car.
- It was recording a fault claim against him.
- It hadn't reimbursed him for the fee for the transfer of his registration number.
- It had dealt with the claim by email and hadn't spoken to him.

In about late October 2023, One Insurance paid Mr G £7,880.00.

Through his wife, Mr G contacted us. One Insurance didn't send a final response within eight weeks after 14 October 2023. So we began to investigate.

Our investigator recommended that the complaint should be upheld in part. She didn't think that One Insurance's valuation was fair. She said that a Percayso valuation of £8,327.00 was more fair. She recommended that One Insurance should pay Mr G:

1. the difference in the valuations of £7,880.00 and £8,327.00 (£447.00); and
2. 8% simple interest on the additional settlement amount from the date of the original settlement to the date of payment; and

3. £150.00 compensation for the inconvenience and frustration caused to him.

Mr G accepted the investigator's opinion.

One Insurance disagreed with the investigator's opinion. It says, in summary, that:

- The valuation aspect should be treated as a new complaint.
- Closing the claim as non-fault with the costs absorbed was a reasonable resolution to Mr G's concerns.

The investigator asked for an ombudsman to 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.

#### Complaint handling

One Insurance should've recognised the email dated 14 October 2023 as a complaint – including about the valuation - and it should've provided a final response within eight weeks.

#### Courtesy car

Like many motor policies, One Insurance's policy for Mr G only provided a courtesy car if an approved repairer was repairing his car – and not if it was a total loss.

So, while it was inconvenient for Mr G and his wife, I don't consider that One Insurance treated him unfairly by not providing a courtesy car.

#### Fault claim

When a policyholder makes a claim and his insurer makes an outlay to settle it, it's common practice for the insurer to record a fault claim against the policyholder unless and until the insurer recovers its outlay in full, typically from a third party.

So, while Mr G was in no way at fault for the fire, I don't consider that One Insurance treated him unfairly by initially recording a fault claim against him. Nevertheless, I note that One Insurance has changed the record to non-fault on the Claims Underwriting Exchange database.

#### Policy excess

The policy terms provided for Mr G to bear the first £400.00 of the loss. So I wouldn't consider that One Insurance treated him unfairly by deducting that excess from its payment. Nevertheless, I note that One Insurance waived the excess.

#### Travel costs

I accept that the fire also caused Mr G additional travel costs. However that point wasn't included in the email dated 14 October 2023. Moreover, Mr G hasn't provided enough detail or evidence. So I don't find it fair and reasonable to direct One Insurance to do any more about such costs.

#### Registration number

I accept that the fire also caused Mr G the cost of transferring his registration number. However the motor insurance policy didn't cover such costs. So I don't consider that One Insurance treated him unfairly by not reimbursing such costs.

### Communication

One Insurance communicated with Mr G and his wife by email about the claim and the valuation. She said that she found this impersonal and unsympathetic. However, I don't consider that One Insurance treated Mr G unfairly by the way it communicated, save that it should've provided a final response to his complaint.

### Valuation

The One Insurance policy terms included the following:

*"What Is Covered?*

*If your car is lost or damaged by fire, lightning, explosion, theft or attempted theft, we will:*

- pay the cost of repairs to your car.*
- replace what has been lost or damaged.*
- make a settlement payment based on the cost of replacing your car when it is lost or damaged. We will think about the make of the vehicle, the model, how old it is and how many miles it has done, This will not be more than what you said the vehicle was worth."*

The policy terms also contained a definition of "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."*

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations - which is also our starting point for most valuation complaints. I've looked at the available guides to assess whether One Insurance's offer is fair and reasonable.

I have reviewed CAP Market Value Manager, Glass's Market Value, Auto Trader and Percayso guides, which gave values as follows:

CAP	£7,595.00
Glass's	£7,880.00
Auto Trader	£8,180.00
Percayso	£8,327.00

Looking at the valuations produced by the guides I'm not persuaded that One Insurance's offer of £7,880.00 was fair and reasonable.

This is because the valuation guides have produced valuations which vary from the lowest to the highest. One Insurance's offer sits in line with some of the lower values produced by these guides, but One Insurance hasn't shown why this offer is fair, or that Mr G can replace their car with a similar one for the amount offered.

In these circumstances, to be satisfied that One Insurance's offer represents a fair valuation, I'd expect to have been provided with other evidence (for example, adverts for cars for sale around the time of the loss / experts reports etc) to support that a lower valuation point is appropriate. And I'd need to be persuaded that that this evidence is relevant and persuasive (and more persuasive than evidence provided by the policyholder) before accepting that a lower valuation should be used.

As One Insurance haven't provided enough other evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate, and to avoid any detriment to Mr G, the highest valuation produced by the guides is my starting point. So, considering the overall variation of values produced, and the lack of other evidence provided, I consider that a more appropriate fair market valuation would be £8,327.00.

That will require a further payment of £447.00 in addition to the interim payment based on One Insurance's valuation of £7,880.00.

As Mr G will have been out of pocket since the date of the interim payment, I find it fair and reasonable to direct One Insurance to pay interest at our usual rate.

#### Distress and inconvenience

The fire and the need to make a claim were, in my view, bound to cause Mr G some upset and trouble, including the need to contact One Insurance.

However, I've found One Insurance responsible for under-valuing Mr G's car and for not responding to his complaint. I accept that this has caused him extra distress and inconvenience at an already difficult time.

I give One Insurance credit for waiving the excess and treating the claim as a non-fault claim.

Weighing this up, I find it fair and reasonable to direct One Insurance to pay Mr G £150.00 for distress and inconvenience.

#### **Putting things right**

I conclude that it's fair and reasonable to direct One Insurance Limited to pay Mr G:

1. a further £447.00 for his lost car; and
2. simple interest on that further payment at a yearly rate of 8% from 31 October 2023 to the date of the further payment; and
3. £150.00 for distress and inconvenience.

#### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct One Insurance Limited to pay Mr G:

1. a further £447.00 for his lost car; and
2. simple interest on that further payment at a yearly rate of 8% from 31 October 2023 to the date of the further payment. If One Insurance considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr G how much it's taken off. It should also give him a certificate showing this if he asks for

- one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and
3. £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 June 2024.

Christopher Gilbert

**Ombudsman**