

The complaint

Mr S has complained that his insurer Acromas Insurance Company Limited didn't pay a fair total loss settlement when he made a claim under his car insurance policy.

What happened

Mr S made a claim to Acromas following the theft of his car, which it settled by paying a total loss payment to him.

Mr S said the amount Acromas paid wasn't enough to reflect the market value of his car. He provided adverts to support his view.

Our Investigator recommended the complaint should be upheld and asked Acromas to increase the settlement.

Acromas didn't agree and said it had acted in line with our approach. But it doesn't agree with all of the guides we include when looking at valuation complaints.

Mr S said he intended to provide further evidence to show his car was worth more. But he hasn't done this.

So the case has been 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.

We don't decide a valuation, but we look at whether an insurer reached its valuation reasonably and in line with the policy.

Acromas, like most standard insurance policies, says the most it will pay in the event of a claim is the market value of the car at the time of loss. It defines the term '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."

To decide whether a valuation is fair, we compare it with prices in online motor trade guides. If the guides all give a similar value – and an insurer's valuation is in line with the trade guides and the evidence provided – we think this is usually fair.

But there are occasions where the values given by the guides can vary significantly. If the valuation isn't the same or very close to the highest guide, we'd look to see if it's supported by other evidence, such as adverts or an expert's opinion. If it's not supported by other

evidence, we are likely to tell an insurer to use the highest value in the guide to settle the customer's claim.

If we think the valuation is unfair, we'll tell the insurer to adjust it to either the highest value in the guides, or to be in line with the valuation supported by the other evidence – whichever is the fairest in the circumstances.

In this case, the two guides Acromas relied on provided the highest valuation at £20,510. Acromas increased the final settlement to £20,710. So it says it acted fairly.

Our Investigator checked all of the guides we say we look at on our website. Acromas doesn't agree this service should rely on two of the additional guides we include. But we think it provides a fairer outcome for customers and we have followed our approach in this case.

From our checks, we found the highest of the guides was £22,397. As this represents a significant difference in the amount Acromas paid, I think it should increase the total loss settlement to £22,397.

Mr S provided adverts as examples of similar cars for sale. I don't think they are more persuasive than the guides in this case as the adverts differ in model specification and mileage to Mr S's car. I'm satisfied the mileage relied on my Acromas was fair based on the car's MOT history.

So I am upholding this complaint and the remedy is set out below.

My final decision

My final decision is that I uphold this complaint. I require Acromas Insurance Company Limited to do the following:

- pay the difference in the total loss settlement it paid Mr S to a total of £22,397 (excluding deductions already taken under the remaining terms of the policy.)
- Pay interest on the difference at a rate of 8% simple interest a year from the date it paid the interim payment to the date it pays Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 July 2024.

Geraldine Newbold
Ombudsman