

The complaint

Mr R has complained about poor service he received and the valuation Covea Insurance plc placed on his car when he made a claim under his car insurance policy.

What happened

Mr R made a claim for damage to his car to his insurer, Covea. Covea said it wasn't economical to repair Mr R's car and offered him a total loss settlement. This was significantly lower than Mr R expected. Mr R said he complained about the valuation and the poor service as Covea had caused delays in responding to his queries about the valuation.

Covea upheld Mr R's complaint that it had provided a poor service and paid him compensation of £75 for the distress and inconvenience caused. It said it had reached a fair valuation for his car. It had deducted £2,250 for pre-existing damage. The final offer was £7173.33. After deducting an excess of £525, this came to £6648.33.

Mr R asked us to look at his complaint. Our Investigator asked Covea to provide its file including evidence of how it reached its valuation. But it didn't respond to this service. So the Investigator obtained valuations and found that Covea's offer to be below the guides.

With no evidence of Covea's valuation being reached in a reasonable way, the Investigator recommended Covea increase the total loss settlement sum to £10,318.00 minus the excess deduction, so £9793.00. He recommended Covea pay interest on the settlement at a rate of 8% simple interest a year.

Covea didn't respond. 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.

Mr R provided a copy of his motor insurance certificate to show Covea is his insurer. And he provided a copy of Covea's response to his complaint. This is undated, but Covea says it is in response to Mr R's complaint on 17 April 2023. Mr R contacted this service in August 2023, so I'm satisfied that Covea's complaint response was sent within six months of Mr R bringing his complaint to us.

We don't decide a valuation, but we can look at whether an insurer has reached its valuation reasonably and in line with the policy. Our Investigator asked Covea to provide a copy of its policy wording, but we didn't receive a response. I'm reasonably satisfied that Mr R holds a standard motor insurance policy with Covea. His certificate of insurance doesn't suggest otherwise; for example if he held an 'agreed value' policy. So on that basis, standard motor insurance policies read that an insurer will pay a market value for a car if it is a total loss.

We have a long standing approach to valuation complaints, which most insurers follow. We find the main motor trade guides are a reliable way to obtain a fair valuation. They provide a

'retail transacted' valuation for a car of the same make, model, year, condition, and mileage as Mr R's, based on likely selling prices for the month of loss. The retail transacted value is the amount Mr R - or anyone – might pay for a similar car from a retail garage.

Valuations obtained by this service for Mr R's car ranged from £9,125 to £10,318. We think it is generally fair for an insurer to pay the higher of the guides.

In its response to Mr R's complaint, Covea said it deducted £2,250 from the valuation for pre-existing damage. As we have no evidence to support this deduction from Covea, I can't say it has acted reasonably in applying it. And we have no evidence to support Covea's starting valuation.

So I think Covea should increase the total loss settlement to the higher of the valuations, so £10,318 (minus the excess deduction). As Mr R has been without these funds, I think Covea should pay interest on the settlement at 8% simple interest a year from one month after the date of loss to the date it pays Mr R. I have used the date of one month as we think it is reasonable for an insurer to take up to this length of time to settle a claim.

Covea paid Mr R £75 compensation for the distress and inconvenience its poor service caused. Mr R has explained that Covea failed to promptly deal with his queries about the settlement it offered, which it acknowledged when responding to his complaint.

My final decision

My final decision is that I uphold this complaint. I require Coves Insurance Plc to do the following:

- pay Mr R a total loss settlement of £10,318 – minus the excess due under the claim.
- pay interest on the settlement at a rate of 8% simple interest a year from one month after the date of loss to the date it pays Mr R.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 29 May 2024.

Geraldine Newbold
Ombudsman