

## The complaint

Mr G complains about the amount U K Insurance Limited paid in settlement of his claim under his motor insurance policy.

## What happened

Mr G's car was stolen so he made a claim to UKI his car insurance provider. UKI valued Mr G's car at £9,096. But from this amount they deducted his policy excess of £500 and the outstanding finance of £3,057, which they paid direct to his finance provider.

Mr G is unhappy with the amount he received from UKI as he says he was able to find cars similar to his on sale at a higher price, and the amount he received isn't enough to allow him to buy a similar car. He also says that when the car was reported as stolen he was told there was no applicable excess.

Mr G complained to UKI who didn't uphold his complaint about the valuation of his car. They said that when their engineer's assess a car's value they consider the make, model and its individual specifications and cross-referenced these with recognised motor trade guides. This produced the following values:

CAP: £8,341

Glass's: £7,750

Percayso: £9,096

AutoTrader: £8,381

Of these valuations UKI used the highest £9,096. And as Mr G was unhappy with their offer, a second engineer reviewed what they'd done and was satisfied that an increase wasn't justified.

Unhappy with UKI's response Mr G complained to our service.

Our investigator considered the case and said that Mr G's policy defines market value as *"The cost of replacing your car with another of the same make and model, and of a similar age and condition at the time of the accident or loss."*

And the policy says UKI will settle a total loss claim for the market value of the car. And *"This is the current value of your car at the time of the claim. It may be different to the amount you paid or any amount you provided when you insured the car with us."*

Our investigator said that her role wasn't to value Mr G's car but to make sure UKI had settled his claim fairly in line with his policy conditions. Our approach to assessing a fair market value takes into account what the motor trade guides say the market value is. The guides we use are based on national research of actual selling prices so give a good reflection of the true market value of a car.

She said UKI looked at four trade guides, and as the values they provided didn't match they offered the highest valuation of £9,096 less deductions. Our investigator carried out checks on two trade guides. One didn't generate a valuation, the second gave a value of £8,547, which is less than UKI offered.

Our investigator said the excess was the first part of the claim Mr G was required to pay in line with his policy terms and conditions and she didn't think it was unfair of UKI to deduct this. And while she understood that Mr G would like the settlement value for his car to be increased, UKI had offered him the highest valuation generated by the motor trade guides, so she couldn't say their offer was unfair.

Mr G wasn't happy with our investigator's opinion so the case has come to me for a 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.

My role here is to decide whether UKI have acted fairly towards Mr G.

UKI say their valuation is fair and reasonable based on industry valuation guide figures and that due to a variance in the valuations, they've used the highest. Mr G has provided details of adverts for cars similar to his and has said that UKI's engineer told him he could only find one car in the country like his and the advertised price was £10,500. I appreciate that Mr G has told us he can't buy another similar car for the amount he's received from UKI.

I've considered the valuations from the recognised industry guides used by UKI. Due to the variance in the values they used the highest figure, rather than taking an average of the valuations. The values given by the guides are based on 'retail' figures, not the much lower trade values. Using recognised industry valuation guides is also the approach used by this service, as it reflects market data as a whole, which we consider to be more persuasive.

I've considered what Mr G has said about the conversation he had with UKI's engineer. UKI haven't been able to provide a copy of the call so I don't know exactly what was said.

I've also considered the information provided by Mr G about the cars he's seen for sale at higher figures. We generally find motor trade guides more persuasive than sales adverts. This is because advertised prices are often the starting point of a negotiation and what the seller would like to achieve, rather than the final price a car sells for.

Mr G has said that when he reported the car as stolen he was told there was no policy excess. I've listened to the call and UKI's agent said she couldn't see details of his policy excess on her system. She was asked whether this meant there was no policy excess and she replied "yes".

UKI issued a second final response letter dated 11 January 2024 in respect of Mr G's complaint about the misinformation regarding his policy excess and poor communication. They apologised for the misinformation provided about his policy excess and paid Mr G £350 for this and poor communication during his claim.

Mr G's policy clearly states that if his car was stolen his policy excess is £500. So I think UKI correctly deducted this amount from the payment he received.

I'm persuaded that UKI's base valuation of Mr G's car was fair. From this figure they deducted his £500 policy excess in line with the terms and conditions of his policy, and they

settled the outstanding finance on his car, which they were required to do. So I'm not going to ask them to do anymore.

### **My final decision**

For the reasons set out above my final decision is that I don't uphold Mr G's complaint about U K Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 July 2024.

Patricia O'Leary  
**Ombudsman**