

## **The complaint**

Mr D complains about First Central Underwriting Limited (“FCU”) and the valuation they placed on his car after it was deemed a total loss.

## **What happened**

The claim and complaint circumstances are well known to both parties, so I don’t intend to discuss them in detail. But to summarise, Mr D held a motor insurance policy underwritten by FCU. At the time of the claim and throughout much of our process, FCU traded under a different name. But I want to reassure Mr D FCU is the company who underwrote his insurance policy.

Unfortunately, in October 2023, Mr D was involved in a road traffic accident. And the damage his car sustained deemed it a total loss. So, FCU settled Mr D’s claim by paying him the pre-accident value of his car. But Mr D didn’t think the valuation was a fair one, as he didn’t think it allowed him to purchase a car of a similar make, model and mileage. So, he raised a complaint.

FCU responded to the complaint and didn’t uphold it. They thought their £4,000 valuation was above the market value provided by the trade guides they used. So, they thought the valuation was fair, and they didn’t think they needed to do anything more. Mr D continued to dispute the valuation and FCU did agree to increase this valuation to £4,224, in full and final settlement. Mr D continued to remain unhappy and so, he referred his complaint to us.

Our investigator looked into Mr D’s complaint and didn’t uphold it. They set out our service’s approach to complaints about car valuations. And having reviewed the motor trade guide valuations, they were satisfied FCU’s valuation of £4,224 was a fair one. And they thought the £50 FCU paid to recognise their failure to make clear this payment was full and final was a fair one, so they didn’t think FCU needed to do anything more.

Mr D didn’t agree, providing comments explaining why. This included, and is not limited to, his continued belief that the valuation paid to him didn’t allow him to fairly replace his car. And he provided adverts of similar cars available to buy online that he felt supported his position.

Our investigator considered these adverts, as well as searching for their own. And having done so, they didn’t think the adverts persuaded them that the valuation was unfair, considering the adverts would include room for negotiation and many had a lower mileage than Mr D’s car. So, their view remained unchanged. Mr D continued to disagree and so, the complaint has been passed 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.

Having done so, I’m not upholding the complaint for broadly the same reasons as our

investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr D. It's clear Mr D feels strongly about the complaint, and the value of his car compared to settlement amount FCU has paid him following his motor insurance claim. And I do appreciate Mr D would've taken out the policy with FCU to assist him both practically, and financially, in a situation such as the one he found himself in. So, as Mr D feels he's been left at a financial loss, I can understand why he'd feel unfairly treated and raise a complaint.

But for me to say FCU should increase the payment made to Mr D, I first need to be satisfied they've done something wrong. So, I'd need to be satisfied FCU failed to value Mr D's car in line with the terms and conditions of the policy he held. Or, if I think they did act within these terms, I'd need to be satisfied they acted unfairly in some other way, considering our service's usual approach to claims of this nature. In this situation, I don't think that's the case. And I'll explain why.

I've seen the terms and conditions of the policy Mr D held. And these explain clearly that FCU *"will not pay more than the market value at the time of the loss or damage, less the total excesses and any unpaid premium"*. And within the policy, it defines the market value as *"the cost of replacing your car with one of a similar make, model, age, mileage and condition based on market prices at the time of the accident or loss. This may not be the same price you originally paid for your car or the value you declared on the Statement of Fact"*.

So, to act in line with the terms and conditions of the policy, I'd expect the payment Mr D received to be the market value of his car, at the time of loss. And it is standard industry approach to obtain this value using the industry recognised motor trade guides, as it ensures all cars are valued using the same tools to help promote fairness and consistency. So, our service's approach centres around this, where we expect the highest of any motor trade guide valuation to be paid.

I've seen four motor trade guide valuations, that range from £3,595 to £4,005. So, I would expect FCU to pay Mr D a settlement amount of no less than £4,005, less any applicable excess and deductions. In this situation, I can see they've paid Mr D a settlement fee based on a valuation of £4,225 which is higher than the highest valuation supplied by a trade guide. So, because of this, I'm satisfied FCU have acted in line with the terms and conditions of Mr D's policy when valuing his car and settling the claim.

But as I've explained above, I must also be satisfied it was fair for FCU to do so. And in line with our service's approach, I've considered adverts Mr D and our investigator have obtained and provided when doing so. While I do recognise Mr D has provided adverts of cars of the same make and model that are advertised for a higher amount than the valuation he was paid, crucially I can see these cars had a lower mileage than his own. And in any advertisement, we expect there to be an increase in amount a car is listed for to account for negotiation and profit. Neither of these are amounts we'd expect an insurer to cover.

So, because of the above, I don't think I've received any information that persuades me the valuation placed on Mr D's car was an unfair one. And because of this, I don't think they need to do anything more for this aspect of the complaint.

I've then thought about the service FCU provided to Mr D overall during the claim process.

And I'm satisfied it was progressed efficiently, with no unreasonable avoidable delays. While I recognise FCU accepted they didn't make it clear enough to Mr D their final valuation wouldn't be reconsidered, I think the £50 they've already paid is a fair one to recognise any upset Mr D would've felt when he discovered it couldn't be challenged further, considering the times FCU had already listened and acted upon Mr D's representations.

And while I recognise Mr D was unhappy that he had his hire car taken back after the final settlement was paid to him, I must make it clear this issue occurred after FCU's complaint responses and so, isn't something I can consider as part of this decision. But I do think it's worth making clear that it is standard industry approach for any hire or courtesy car to be taken back once a payment has been made to a customer if their car has been deemed a total loss.

So, because of all the above, while I do note Mr D's unhappiness and I am in no way intending to take away from his lived experience, I don't think FCU need to do anything more on this occasion.

### **My final decision**

For the reasons outlined above, I don't uphold Mr D's complaint about First Central Underwriting Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 11 June 2024.

Josh Haskey  
**Ombudsman**