

The complaint

Miss J complains that AXA Insurance UK Plc has treated her unfairly when valuing her motor vehicle following a total loss claim.

What happened

On 5 January 2024, Miss J made a claim on her Horsebox motor insurance policy after her horsebox caught fire. The horsebox was recovered by a salvage company on 14 January and assessed by an engineer.

The report on the horsebox was not completed until 26 January and at this point, an initial offer was made to settle the claim with a value of £6000 placed on the vehicle.

Miss J provided information to the salvage company to demonstrate why this valuation was not fair and it resulted in some increased valuations. This moved from £15,610 to £25,000 being offered on 31 January. At this point AXA made the payment as an interim payment less the policy excess of £200.

Miss J continued to dispute the valuation provided and AXA referred the claim to a senior engineer to review. Based on their work, they felt it was fair to increase the valuation again to £28,000 with a further payment of £3000 being made on 7 February.

AXA responded to Miss J's concerns about how the claim was handled with its final response being sent on 16 February. It said it felt there had been errors with how the claim was handled. There were times when things happened outside of the time frames it expected and it made a payment of £287.50 in recognition of the errors made with the claim handling and impact on Miss J. But it felt the decision now reached with the claim value was fair.

Our investigator looked at this complaint and didn't think AXA needed to do anything else. They said they believed the valuation provided for Miss J's horsebox was the fair market value at the time of the loss. And the compensation paid for the impact of the delays with the claim handling in line with what they'd expect for the impact of these errors. So although they recognised things could have been better, they felt the steps taken to put things right were fair.

Miss J disagreed with the assessment. She said it is now evident the horsebox she had was a rare high spec vehicle and this is demonstrated by the lack of lorries which have been found as a comparison. Any lorry found above the weight of 3.5 tons (t) was not comparable as these require an additional licence to be able to drive. This makes lorries of 3.5t and lower more valuable because of the wider audience able to drive them. This was a specific selling point to Miss J to allow her daughter the ability to drive the lorry too. The replacement Miss J has been able to make with the money provided is a 3.9t lorry and this has meant her daughter is no longer able to share the driving and this has added additional inconvenience to their day to day lives when using the horsebox for events. And other costs involved with the maintenance of the lorry are higher because of its weight.

Finally, Miss J said the manufacturer of her lorry was not contacted by AXA or the salvage company at any point for its opinion on the value of the vehicle. She feels its knowledge would be key, due to a lack of similar vehicles on the market.

Miss J also highlighted concerns with the salvage company. She felt it was trying to manipulate her into accepting the offers it made for the value of her vehicle. Overall, she feels the value of her horsebox to be higher than has been paid. She feels a replacement vehicle today could cost as much as £50,000 and the valuation provided does not reflect the specifications of her vehicle and she is unable to find a similar replacement based on the value of £28,000.

Our investigator's opinion remained unchanged, they felt the value offered was a fair market value and because of this, they didn't think AXA needed to do anything else or increase what had already been paid.

Miss J disagreed and asked that the complaint be referred for 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.

I've decided not to uphold this complaint. I appreciate this will be disappointing for Miss J, but I'll explain why I don't think AXA needs to do anymore with the claim.

This Service is not here to value motor vehicles when it comes to disputes over the valuation paid in the event of a total loss claim. Instead, our role is to consider if the insurer has acted fairly when handling and settling the claim and whether the valuation is reasonable. Taking account of whether this has been settled in line with the policy terms.

Miss J's policy will provide cover up to the market value of the vehicle if it cannot be repaired and it defines market value as the following:

"The cost of replacing your vehicle with another of the same make and model and of a similar age and condition at the time of the accident or loss"

When looking at cars, there is a number of trade guides available to both us and the industry which help to provide data on market average sales prices and these are persuasive in understanding what the likely replacement cost of a vehicle might be. But with horsebox's often being completely bespoke in nature with coachworks being completed on different lorry chassis, these motor valuation guides cannot be used as a starting point and a more bespoke approach needs to be taken when looking to determine what the market value is.

Miss J's horsebox was built on a 2010 plate lorry chassis and at the time of loss had done around 89,000 miles. So although there will clearly be a difference in the specification of lorries and the build, depending on the coachwork, looking at lorries of a similar age and mileage does provide a good benchmark. This is needed when applying the market value definition of the policy.

When reaching the valuation of £28,000, AXA and its salvage agent has looked for vehicles which meet the definition of market value and found adverts with similar vehicles. This has included some vehicles at a higher weight of 3.9t and 4.5t but does include comparable 3.5t vehicles which are a similar age and mileage to Miss J's vehicle.

From the information provided, it demonstrates similar vehicles to Miss J's were available for

around £28,000. Some vehicles provided as similar examples but at a higher price were either built on newer chassis or had considerably lower mileage. So I don't think it would be fair to say these are comparable vehicles with similar age and condition at the time of loss. And I think the overall valuation of £28,000 is a reasonable valuation based on the information provided. Overall, I don't believe AXA has acted unfairly when reaching this valuation.

Miss J has said the manufacture of the horsebox has placed a higher replacement value on her horsebox with a new build today costing considerably more and the replacement cost of a model similar to hers in age and condition being likely around the price of circa £30,000 to replace. She feels AXA should have spoken directly to the manufacturer for their opinion and valuation and its acted unfairly in not doing this. While I understand why Miss J would have liked AXA to speak to the manufacturer, I don't think it has acted unreasonably when not. It has found a number of similar vehicles to Miss J' and arguably, the settlement of £28,000 is within the region of circa figure that Miss J has said she was told she could expect to pay.

Miss J has said she's not been able to find a 3.5t box with the settlement provided and has needed to buy a larger box than before with this having the impact of her daughter not being able to drive herself to events anymore. I appreciate this is frustrating, but as adverts have been supplied that demonstrate vehicles of a similar age and condition could have been purchased within the budget of the settlement provided, I am not persuaded Miss J was unable to do this.

AXA has accepted there was some delays with the handling of the claim and it could have provided Miss J with more information during the process. In recognition of this, it made an award to Miss J to cover the distress and inconvenience of this as well as some out-of-pocket expenses she incurred as a result.

I think AXA has acted fairly when doing this and covering these costs, together with the payment for distress and inconvenience is fair and reasonable. The claim was settled in just over a month from the point of first notification, but there was some failings with information being requested which was not needed and this could have been avoided. And while there may always have been some inconvenience with the nature of this claim, it has been added to and it is right this is recognised. However, the award is inline with what I'd expect to see, and so I've not asked AXA to increase this.

My final decision

For the reasons I've set out above, I do not uphold Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 12 November 2024.

Thomas Brissenden
Ombudsman