DRN-4793807

The complaint

Mr W has complained that Watford Insurance Company Europe Limited's market valuation of his car following his claim under his motor policy is unreasonably low and therefore unfair. He also has claimed for personal items in the car which were also stolen. And he has claimed loss of enjoyment too.

What happened

Mr W's car was stolen on 29 September 2023. He made a claim to Watford who after validating the circumstances, accepted his claim. It said the market value of Mr W's car was £32,247.50 and it said the optional manufacturer's extras on his car didn't increase the value.

Mr W produced several adverts saying on that basis the market value should be higher. As Watford didn't change its stance, Mr W brought his complaint to us.

The investigator thought it should be upheld. He didn't think Watford had taken into account all the motor trade valuation guides in coming to its valuation. Therefore, he thought a more reasonable valuation of Mr W's car was £33,604. He also thought the guides valued the optional extras on the car at £250.

Mr W, based on the advert for cars as close to his as possible, felt the market valuation of his car should be at least £39,840.

The investigator saw that Watford hadn't dealt with his claim for the loss of the personal possessions in the car at the time of the theft. Mr W said these were worth £600. The investigator saw that the policy only provided cover up to a maximum of £200 for such personal belongings.

The investigator also explained the policy doesn't provide any cover for the loss of enjoyment Mr W claimed.

Watford agreed with the investigator's assessment. However, Mr W didn't, so his complaint 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.

Having done so, I'm upholding this complaint along the same lines as the investigator. I'll now explain why.

I do understand and appreciate how disappointed Mr W is likely to be. However, this service is not a car valuation service. We are a dispute resolution service, which essentially

assesses whether the business has dealt with the consumer's issue fairly, bearing in mind the contract between them. Here in Mr W's case, this concerns assessing whether his insurer Watford assessed the market valuation of his car reasonably and fairly given the policy terms.

Watford's policy says the following concerning the market value of vehicles under its policy:

> *'The retail Market Value based on current industry standard guides for purchasing, or replacing, the insured vehicle with one of the same make, model, age, trim level, recorded mileage and being in a similar condition. These guides are motor trade publications, recognised and used extensively throughout the motor vehicle industry to value new/used vehicles. We will consider motor trade publications such as, but not limited to CAP (CAP Motor Research Ltd), Parkers Guide, Cazoo or Glasses Guide.'*

Over the years our stance on the market valuation of vehicles has developed in that insurers using the motor trade guides to value the vehicles deemed a total loss, remains consistently fairer and more reasonable for their policyholders, in the view of this service. More recent developments over the past couple of years, means our stance on this issue has continued to develop. This stance is continually shared openly with the motor insurance industry and indeed their regulator. And further it is published on our website too. Presently unless there is good evidence to the contrary and bearing in mind the second car market, our stance is that the higher of the guides' valuations is more appropriate in most circumstances.

I can see that Mr W doesn't think the motor trade guides are fair or indeed correct and he thinks they don't confirm the reality of the car prices. However, this service, the motor insurance industry, plus their regulator, do collectively think the motor guides provide the most consistent and reasonable method to valuing the market value of a car or vehicle. Valuing cars or vehicles isn't an exact science and prices do fluctuate too, but given the extensive data collected by the motor trade guides, their valuations are more persuasive generally.

So as Watford didn't value Mr W's car at the higher of the available motor trade guides and further didn't provide any reasons as to why it didn't, I agree with the investigator's thoughts. The motor trade guides brought back the following valuations for Mr W's car at the time of the loss, £32,000; £33,604; and £30,690. Watford had found another one which we couldn't replicate which was anyway much lower so not useful. Based on this I also consider the most reasonable valuation for Mr W's car is £33,604.

I'm afraid I'm not persuaded by Mr W's adverts which I do understand will be disappointing for him. I don't doubt Mr D searched on one platform, similar to one of the motor trade guides as he described, and picked out several adverts. But the problem is he picked those out individually, so I can't see what the rest of the list of adverts might have been. Plus given his platform used is also one of the guides the investigator used, I find the guides more persuasive here given the extensive amount of data collected by the guides in the first place.

Therefore, I consider the valuation of £33,604 is the most reasonable and fair, given all the evidence, as the best valuation for Mr W's car. If Watford hasn't already paid Mr W its lower valuation, interest will have to be added from one month after the date of loss to the date Watford now pays him. This is because it's reasonable to permit Watford some time to verify Mr W's claim. If Watford has already paid Mr W its lower valuation, then interest should only be applied to the remainder between the two figures.

Therefore, turning to the optional extras, I don't agree given the evidence the investigator found on them that the optional extras on Mr W's car didn't increase the value of his car.

There are times when such extras don't increase the value but here the motor trade guides returned a figure of £250 which I consider should be added to the higher valuation figure. This figure will attract interest from one month after the date of the loss. Watford has now agreed to both the higher valuation plus the added figure for these optimal extras.

Motor policies don't generally provide cover for loss of enjoyment of a car and neither does Watford's policy. It's not an 'insured event' under virtually every motor policy. A major reason for this is that in Mr W's case, Watford weren't involved in the theft of his car, the thieves were. So, there would be no reason for such cover to be provided.

Watford's policy also limits personal possession cover for items left in the car to £200. I can see that Watford hasn't yet had the opportunity to respond to any claim Mr W may have made for his personal possessions. Therefore, it would be reasonable if it could do so now.

Mr W showed us in his correspondence with Watford that he couldn't understand when he bought a substitute much less expensive car, it raised the cost of his premium. If Mr W wishes to pursue this, he will need to tell Watford it is a further complaint from him which Watford now needs to address.

My final decision

So, for these reasons, it's my final decision that I uphold this complaint.

I now require Watford Insurance Company Europe Limited to do the following:

- Ensure Mr W is paid a total of £33,604 for the net value of his car excluding the optional extras.
- If Watford hasn't yet paid its lower valuation to Mr W of £32,247.50, interest of 8% simple per year needs to be added from one month after the date of loss to the date it pays him.
- If Watford has paid Mr W its lower valuation, then interest of 8% simple per year should attach to the difference from the date Watford paid the lower valuation to Mr W to the date it now pays him the remainder.
- Pay Mr W a further £250 for the optional extras adding interest of 8% simple per year from one month following the loss until the date it pays him.
- If income tax is to be deducted from the interest, appropriate documentation should be provided to Mr W for HMRC purposes.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 July 2024.

Rona Doyle
Ombudsman