

The complaint

Mr S complains that Acasta European Insurance Company Limited (AEICL) has treated him unfairly when he made a claim on his GAP insurance policy.

What happened

Mr S contacted AEICL on 20 November 2023 after his vehicle was stolen on 18 November 2023. Mr S was told to get a valuation from his insurer to confirm what it was willing to pay for the stolen vehicle and to confirm the current mileage.

Mr S called AEICL around a week later and provided the details requested. He said the insurer had valued the vehicle at £15,356. AEICL said it felt the valuation was lower than it should be. It said it had used a trade guide which produced a valuation of £17,130 and it advised Mr S to question the value provided by the insurer.

Mr S spoke to the insurer but it said it was not willing to increase the valuation. AEICL said it felt the insurer needed to demonstrate why it was valuing the vehicle as it had. It didn't think it was following the guidance of this Service and that Mr S should challenge this valuation. It asked Mr S to provide the valuation from the trade guide it had provided him and to notify his insurer that he had a GAP insurance policy in place.

Mr S told AEICL that he had refused the offer made by his insurer and as this was the second refusal, his claim needed to be escalated to the next stage in its process. He was told this could take up to 10 days. However, Mr S was told that he could accept the valuation and an interim payment would be made, if this was later revised upwards, the insurer would make an additional payment. AEICL said Mr S needed to decide whether he wanted to accept this valuation.

On 1 December, Mr S submitted his claim to AEICL and he purchased a new vehicle on 4 December.

On 7 December, Mr S was informed that his stolen vehicle had been recovered. Mr S notified AEICL of this and he was asked to contact the insurer to confirm whether it was proceeding with the claim. The insurer said it was able to repair the damage and the vehicle would not be recorded as a total loss.

Mr S complained about the actions of AEICL. He feels it stopped him from accepting the initial offer from his insurer and had he done this, the claim would have been settled as a total loss. He has been disadvantaged as a result of his vehicle being repaired after he had already purchased a replacement vehicle.

Our investigator looked at this complaint and said she was satisfied that Mr S no longer had a valid claim on his GAP policy as the vehicle had been recovered. As a result the policy will not cover his £250 excess payment made to his insurer for the damage to his recovered vehicle. Mr S agreed with this point but disagreed with a number of other points.

The investigator also set out that she didn't think AEICL had acted unfairly when it asked

Mr S to ask his insurer to increase the offer it had made for his stolen vehicle when there was a valid claim. She felt AEICL was acting in Mr S's best interest when it asked him to go back to the insurer and ask for an increased valuation. This was to avoid the risk of Mr S having a shortfall in the overall settlement if the insurers value was not inline with the trade guide AEICL used.

She said Mr S made the decision not to accept an interim payment from his insurer. Had this happened, the claim may have been settled as a total loss, even with the vehicle later being recovered. But this was his decision to make and Mr S made the decision to purchase a new vehicle without his previous claim having been settled by either his insurer or AEICL. It was unfortunate if this resulted in him needing to sell his vehicle as he had no need for two, but she didn't think this demonstrate that AEICL had acted unfairly.

Mr S did not accept what our investigator said. He didn't believe AEICL was acting in his best interest. He felt if it were, it would have instructed him to accept his insurers initial valuation and simply pay the difference between this and his invoice costs for the purchase of the vehicle. He felt by refusing and asking the insurer to increase this, he was acting in AEICL's best interests and not his.

As Mr S did not agree, he 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, for much the same reasons as our investigator. I appreciate Mr S will be disappointed by this, but I'll explain why I don't think AEICL was acting unfairly.

The crux of this complaint is whether AEICL was acting fairly when it asked Mr S to go back to his insurer to request an increase in the valuation offered. Mr S feels the GAP policy he has should simply pay the difference between what his insurer offers and what he paid for his vehicle originally. And in asking him to go back to the insurer, AEICL was only benefiting itself and not him.

I understand why Mr S feels this could be the case, but it is important to highlight what his policy provides cover for. I have not set out the relevant terms as these have been highlighted by our investigator previously. But the policy details explain that AEICL will rely on a valuation provided by the trade guide Glass's. This is how it will determine the market value of the vehicle at the time of loss.

This is important as the settlement figure AEICL will reach is based on the market value of the insured vehicle having been paid by the insurer. If this isn't, AEICL reserves the right to ask its administrator to try and increase the settlement from the insurer or calculate the benefit using the market value of the insured vehicle.

In simple terms, this means that if the insurer has paid less than the market value, the difference between the settlement paid and the market value could result in a shortfall. As AEICL will use the market value from Glasses and pay the difference between the market value and the invoice amount.

Our investigator set out what our approach is to motor valuations and that she felt the valuation provided by AEICL was a fairer valuation than what Mr S was provided by his insurer. There was a difference of nearly £2000 between the value Mr S's insurer placed on

his vehicle and what AEICL said it was worth. With such a difference and this creating a potential shortfall for Mr S in the total settlement he could receive, I think AEICL was right to highlight this.

I appreciate the impact of not having a vehicle can have on an individual and why Mr S felt the need to purchase a new one sooner rather than later, but I don't think AEICL did anything wrong with the information it provided. And Mr S made this decision in the knowledge of what was offered previously by his insurer.

Mr S was offered the opportunity to accept his insurers valuation as an interim payment while still making an appeal against the total but he decided against this. I appreciate he may not have understood the impact of this and it is with hindsight when his stolen vehicle was later recovered, that this affected the claim. But I've not seen anything to demonstrate that AEICL treated Mr S unfairly when he was making enquiries about his GAP policy claim, or that it should do anything differently now.

My final decision

For the reasons I've explained above, I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 August 2024.

Thomas Brissenden
Ombudsman