

The complaint

Mr H is unhappy with the settlement figure he has been offered by Ageas Insurance Limited following his car being written off.

What happened

Mr H took out a policy with Ageas in October 2023 after he changed his vehicle.

In December 2023 he was in an accident which resulted in the car being written off. Ageas offered a valuation of £2462 (before excess) after deducting 20% as the car had previously been declared a total loss in 2019.

Mr H said that he didn't know that the car was previously a total loss, and if he had known he wouldn't have bought it.

Mr H complained through his representative. He said that in the call in October he wasn't asked whether he agreed with the valuation of the car, nor was he told about the relevance of the value and what would happen in the event of a total loss, and so the information on this call was misleading. He was charged a premium at the valuation over the phone and wasn't provided with enough information to make an informed choice.

Mr H doesn't agree with the 20% deduction and wants a fair valuation of the car. Ageas didn't uphold Mr H's complaint and so he brought it to us.

One of our investigators has looked into Mr H's complaint and he thought that Ageas had acted fairly.

Mr H disagreed with our investigators view, and so the case came to me to review. I issued a provisional decision on the complaint. My provisional findings were as follows: I have to consider whether Ageas have applied their policy terms and acted fairly in their valuation of the car, and whether they explained that to Mr H.

I've come to a different conclusion to the investigator and I will explain why.

The valuation

The evidence shows that Mr H's car was a category S write off in 2019. Ageas offered a settlement which was calculated by taking the market value of the car (as if it hadn't previously been a write off) and deducting 20% from that value. This resulted in them offering £2462 as a settlement figure before excess.

At page 8 of the policy booklet it says:

"If your car is very badly damaged or unsafe to drive and it is decided that it does not make sense to repair it, your car will be declared a "total loss" – many people call this a "write off". Once an engineer has inspected and assessed the market value of the car, your insurer will send you an offer of payment to cover the market value of the car."

So it's clear from the terms that this is a market value policy, which means that the Ageas are obliged to pay the value of the car at the date of the accident, which may be higher or lower than the value of the car at the date the policy was taken out. This is standard for almost all motor insurance policies.

To establish the market value, Ageas used valuations from two of the trade guides - CAP £3217 and Glass £2940. They said the market value was the average of these two valuations - being £3078, and they then deducted 20% to reflect the previous write off resulting in the settlement offer of £2462 .

In assessing the fairness of the initial market valuation, I have obtained valuations from CAP £3217, Glass £2940, Percayso £2653 and Autotrader £3225. I haven't seen any evidence from Ageas to support why they have used an average of the two guides, and so I'm satisfied that a fairer starting point for valuation should be the highest of the guide figures, which is £3225, rather than £3078.

The deduction for the previous write off

Vehicles that have been previously written off do have a lower value, and so we think it's fair for an insurer to make a reduction in a settlement figure, provided they can evidence that the car would have had a reduced valuation, and what that reduced value would be.

Ageas have provided me with some evidence in relation to whether a 20% deduction is the most appropriate way to calculate this. They haven't been able to provide any cars of the same make and model with the same milage and write off type. And I understand that this would have been difficult and may have been too restrictive if there was only one such example.

However, they have provided examples of similar written off vehicles where the previous write offs have impacted the value by around 20%. On that basis I'm satisfied that they have shown that a 20% deduction is a fair estimate of the impact it would have had. And so I think a fair settlement for the car is £3225 minus 20%, which is £2580.

The phone call quote and valuation

Mr H's representative argues that when Mr H took out the policy Ageas told him the value of the car was £3795. He wasn't informed about the car being a previous write off, nor how that would impact the value if it was subsequently deemed a write off again. As Mr H didn't know the car had previously been written off, Mr H's representative says he was expecting the value to be £3795 as stated by Ageas at policy inception.

Whilst I appreciate that Mr H was given an estimate of the value of his car at the date the policy was taken out, I think it is clear in the policy terms that the market value for the purposes of a write off is assessed at the date of the inspection – and so I don't think he was misled.

I have queried with Ageas whether the previous write off would have meant that they wouldn't have offered cover, and they have confirmed that they would still have provided cover, and the cost of the cover would have been the same even if Mr H had known and declared the write off.

And so whilst I appreciate that Mr H may not have read the policy or fully understood that he would be paid market value, I don't think that Ageas have acted unfairly in the way they have

provided the quote on the call with Mr H, nor have they charged him premiums incorrectly on the basis of the information provided.

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.

Ageas haven't responded to my provisional decision, but Mr H has through his representative.

Mr H has accepted my provisional decision but has raised a couple of additional points. The first is that no interim payment was offered by Ageas whilst awaiting our decision. I can see that the offer was first communicated on 8 December through the portal but Mr H wasn't aware of it until 21 December 2023. When Mr H's rep first contacted us on 18 January 2024, we advised her in the call that she should contact Ageas and ask for the offered settlement despite the complaint. However, I can't see that this failure to offer an interim payment by Ageas was ever raised with them and so I'm unable to address it in this decision.

Mr H's representative has also explained how upset Mr H has been as a result of Ageas decision, and how not having a car has impacted Mr H, including visiting and providing support to a relative. I appreciate that losing your car is always upsetting. However, some inconvenience is always part of a claim, and by 18 January 2024 Mr H had been made aware he could have the interim settlement – which would have enabled him to purchase a replacement vehicle – and so he would have been without a car for around 4 weeks. Also, whilst I have upheld the complaint, I haven't upheld the main part of Mr H's complaint which was around the 20% deduction, so whilst I considered it, I haven't made an award for distress and inconvenience.

I note that Mr H's representative had also raised the issue of consumer duty in the context of what information was provided at the point of sale. She thinks that Mr H should have been given clear information about the 20% deduction that would have been made. I note that Mr H did not know that his car had previously been written off when he spoke to Ageas to arrange the policy and so he would not have brought this up. If Ageas had asked about whether it was a write off, Mr H would have replied not, as at that point he didn't know. I can also see that Ageas have said it would have made no difference to the premium price, so I'm satisfied that there was no breach of consumer duty in this instance.

I am therefore making my final decision in line with my provisional findings above.

Putting things right

In order to put things right, I think Ageas should pay Mr H an additional £118 for the settlement value of the car, plus 8% statutory interest on that sum from the date of settlement until the date of payment.

My final decision

My final decision is I am upholding Mr H's complaint about Ageas Insurance Limited and directing them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 July 2024.

Joanne Ward
Ombudsman