

The complaint

Mrs T complains that Society of Lloyd's ("Lloyds") has valued her vehicle unfairly following a claim she made under her insurance policy, after her vehicle was damaged beyond economical repair.

What happened

Mrs T's horsebox was involved in an accident in December 2023 when it was driven into. The damage was extensive and when Mrs T approached her insurer, Lloyds, for a repair or replacement under her policy, Lloyds deemed it a total loss.

Lloyds valued Mrs T's horsebox at £26,000 and made an offer to Mrs T to settle her claim by paying her that amount less the excess under her policy. Mrs T wasn't happy with the offer as she said she couldn't find a similar replacement vehicle for that price. So she made a complaint.

Lloyds said in response to the complaint that as Mrs T's horsebox was a non-standard vehicle, they had obtained two independent reports from engineers before reaching the settlement offer of £26,000. They maintained that the offer was fair.

Mrs T wasn't happy with Lloyds' response, so she referred her complaint to this service. Our Investigator considered all the evidence, and didn't think Lloyds had valued Mrs T's vehicle fairly. So it was recommended that Lloyds increase its offer to £39,000.

Because Lloyds didn't agree with our Investigator's assessment, the complaint has now come 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've decided to uphold this complaint. I'll explain why.

The terms and conditions of Mrs T's policy say that Lloyds will pay for loss or damage to the vehicle by paying "*the UK mainland market value of your vehicle...immediately before the loss*". Our service doesn't value vehicles – but we do check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the customer's policy.

To do this, we tend to consider the relevant motor trade valuation guides. We find these are usually reliable and persuasive as they're based on nationwide research of likely sales prices. But the usual valuation guides wouldn't be appropriate for Mrs T's horsebox as it's not a standard vehicle, so I've also considered adverts for similar vehicles. No vehicle advertised is going to be exactly the same as Mrs T's in terms of its age, mileage or amenities. But I've considered carefully both the adverts provided by Lloyds and those provided by Mrs T, as well as other information such as the price of additional amenities.

The adverts provided by Lloyds include horseboxes priced at £19,995, £15,895, £8,995, £8,750 and £17,995. The ones provided by Mrs T include horseboxes priced at £37,895, £38,750, £57,750 and £79,500.

Turning first to the adverts provided by Lloyds, these are largely of a similar age and mileage to Mrs T's vehicle but do not have similar amenities, which can add substantially to the cost. For example, Mrs T's horsebox has a bathroom and large separate shower, a gas generator, new paintwork and panelling, a TV with DVD, sleeps four people and has horse cameras to see the horses whilst travelling.

I therefore don't think the adverts provided by Lloyds are close enough to the quality of the horsebox and the amenities Mrs T enjoyed pre-loss. Whereas the adverts Mrs T has provided do include many but not all of the same amenities mentioned above.

The price ranges for this type of vehicle are extremely variable and there are significant differences between the prices quoted in adverts provided by Lloyds and in those provided by Mrs T. But the insurer's adverts include vehicles such as a 10-tonne HGV which would require an HGV license that Mrs T doesn't have. And my understanding is that the vehicles under 7.5t are more sought after and priced accordingly, as a HGV license is not required for them. So I've discounted any over 7.5t. I've also discounted adverts provided by Mrs T which show significantly newer vehicles, even though she's said these don't include the amenities she had. What I'm left with are vehicles priced in the range of £35,000 in adverts provided by Mrs T. She's presented us with, for example, one horsebox of the same make and model advertised at £35,000 and I think this is the closest match, although it doesn't include a separate bathroom and shower room, and also has a lower mileage than Mrs T's vehicle did.

Lloyds has raised concerns about the adverts provided by Mrs T and says these are typed out by Mrs T herself and there is no way to verify them. But I've also considered the numerous screenshots she has sent us of vehicles with similar prices. In addition to this, I've looked at similar vehicles on the market with some of the amenities Mrs T's vehicle had, plus a paint finish similar to hers – and the prices of these are either around the price recommended by our Investigator or far higher, so I don't think our Investigator's recommendation is unfair nor do I think Mrs T's evidence is unreliable. Lloyds says the interior of Mrs T's horsebox was noted as of a poor specification by engineers, but I have to also bear in mind that the vehicle was not inspected for some time after the accident.

So I've considered the likely cost of the additional amenities and how these might impact the value of such a vehicle, together with a reduction for the additional mileage of Mrs T's vehicle. And I think the figure our Investigator arrived at is fair. This is because I think it's likely that the additional amenities would likely cost around £6,000 to install. So I consider £39,000 to be a reasonable compromise after a deduction for mileage, given that we are unlikely to find vehicles which are exactly the same as Mrs T's.

I've looked closely at the engineer's reports provided by Lloyds. These acknowledge that Mrs T had many modifications carried out to her vehicle, and Lloyds says the engineer contacted a specialist to obtain an accurate valuation, but despite this the reports don't provide any further reasoning behind their valuations.

I've considered carefully all the arguments raised by Lloyds to justify the offer of £26,000 but looking at the market, I'm not persuaded that Mrs T would be able to find a similar vehicle which would not require her to pay extra to fit all the additional amenities she enjoyed. I don't consider it would be fair for Mrs T to have to purchase a vehicle which she would need to make both external and internal amendments to at her own cost. So I'm going to require Lloyds increase its offer. This way, Mrs T would be able to buy a horsebox similar to the

ones seen in some of the adverts and upgrade it in the way she did her previous vehicle so that she has a vehicle similar to hers pre-loss.

Lloyds has argued that Mrs T says she had everything done to her vehicle but that the MOT evidence does not support that. It's said that advisory repairs weren't carried out which isn't indicative of a consumer who does everything to keep their vehicle in top condition. But I don't agree with this position. It's clear that Mrs T placed great importance on the amenities within the vehicle which added to its desirability and comfort and I don't doubt this is the case simply because she chose not to have advisory repairs carried out which weren't required in order for the vehicle to pass its MOT.

Since receiving our Investigator's view, Lloyds has provided an additional advert which it says closely matches Mrs T's vehicle. But I've also seen adverts for vehicles which have similar specifications to Mrs T's and which are advertised for much more than this. I do however agree with Lloyds, having listened to the phone call between Mrs T and the underwriter's managing agent, that the assumption that certain modifications or repairs would always add substantial value to a vehicle isn't correct. However, in this case, having looked at the adverts provided, I do think these indicate that the types of amenities Mrs T refers to are highly sought after in the market. And I'm persuaded that she won't be able to find a similar vehicle with similar amenities for the price currently offered by Lloyds.

I've taken into account the numerous communications between the parties which indicates that Mrs T went to a considerable amount of extra effort and stress, to obtain a fair outcome, for which she should be compensated. I've also thought about what Lloyds has said in relation to the time it took Mrs T to get her belongings, but I have to bear in mind that this was over the Christmas period. I consider £200 to be fair compensation in the circumstances, given the amount of time it took to reach a fair outcome and the inconvenience Mrs T has experienced.

Putting things right

Society of Lloyd's must now:

- Settle Mrs T's claim using a valuation of £39,000 for her vehicle.
- Add 8% simple interest per annum, calculated from the date the original offer was made, until the date of settlement.
- Pay Mrs T £200 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint and I direct Society of Lloyd's to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 15 August 2024.

Ifrah Malik
Ombudsman