

The complaint

Mr A has complained about U K Insurance Limited (UKI). He isn't happy about the valuation of his car after it was deemed a total loss following a claim under his motor insurance policy.

What happened

Mr A made a claim under his motor insurance policy and his car was deemed a total loss. When UKI looked to settle the claim Mr A wasn't happy with the valuation of his car.

UKI looked to value Mr A's car after it was written off by looking at three of the various trade valuation guides in order to gauge the market value of his car. It eventually offered Mr A £2,720 which was the average of the three guides it looked at and below the highest guide price it found. And it also deducted a small amount for pre-existing damage.

When Mr A complained to UKI about this, as he believed his car was worth around double what it had offered and said he had additional modifications such as hand controls that hadn't been taken into account, it maintained its position that its offer was a fair market value. And said that the hand controls were over ten years old and had been considered in the valuation it offered. However, UKI did accept that it had initially valued Mr A's car too low and offered £75 by way of compensation for this.

Our Investigator looked into things for Mr A and partly upheld his complaint. She looked at four of the motor trade valuation guides available for Mr A's car from around the time of claim and thought the fairest thing to do in this instance was to pay Mr A the highest of the trade guide valuations she found (£2,850). This was because she didn't think UKI had provided sufficient evidence to show that a lesser valuation was fair. She also thought it wasn't fair for UKI to make its deduction for pre-existing damage as the small scratches were minimal and wouldn't generally affect the value of an older car like Mr A's.

Both sides eventually agreed that the increase suggested by our Investigator in valuation was fair and that UKI shouldn't deduct anything for the pre-existing damage. But Mr A maintained that he should be paid the cost of the modifications (hand controls etc), so the matter has been passed to me for review.

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 agree with the position outlined by our Investigator and that this complaint should be partly upheld. I know this will come as a disappointment to Mr A, but I'll explain why.

As both sides have agreed the market value suggested by our Investigator feels fair I don't propose to go over this any further. Other than to say this Service has an approach to valuation cases like Mr A's which has evolved in recent times. And having looked at all the evidence, including the valuation guides, I agree that paying a valuation in line with the highest guide, in the absence of any other evidence, feels fair.

Turning to the hand controls and modifications that Mr A had on his car I can understand why he would like full payment for these. UKI has said that it took these into account when

originally valuing Mr A's car and highlight that the modifications were made to his car over 10 years ago and so their value would have depreciated significantly. However, Mr A has chosen to retain the salvage of his car and is continuing to use the modifications that he requires so I don't think I can say UKI has acted unreasonably. I say this as even if UKI's valuation wasn't fair Mr A has use of the modifications on his car which he has chosen to retain and repair so I don't think he has been treated unfairly.

I know Mr A would like the costs of the modifications so that he can use this money if he buys another car in the future, but UKI has put Mr A back into his original position – he has his car, which UKI has paid full market value for, and is using the modifications. And Mr A can either reuse the modifications or sell them in the future if he buys another car.

Finally, I can see UKI has paid Mr A £75 compensation in acknowledgement of its errors in how it originally valued Mr A's car and I think this feels fair.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require U K Insurance Limited to pay Mr A £2,850 as the market value of his car, less any excess, plus 8% simple interest on any shortfall from the date of the interim payment until the date of settlement. And £75 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 October 2024.

Colin Keegan
Ombudsman