DRN-4887037

The complaint

Mr P complains that Ageas Insurance Limited ('Ageas') mishandled his claim on a motor insurance policy.

What happened

Mr P lives on an island that is a Crown Dependency.

The subject matter of the claim and the complaint is a sporty diesel hatchback made by a large car-maker. It was first registered on the island in October 2009.

Mr P acquired the car in January 2021 with an island registration plate.

For the year from January 2023, Mr P insured the car on a comprehensive policy with Ageas (which is established in the UK). Any claim for damage was subject to a compulsory excess of £150.00.

Unfortunately, Mr P reported that in late September 2023, a third party driver had damaged the front nearside of the car.

Ageas said the car was a total loss. Ageas said that its pre-accident value had been £6,500.00.

By mid-October 2023, Mr P had complained to Ageas that it was under-valuing the car and Ageas had increased its valuation to £6,608.00.

By a final response dated 24 October 2023, Ageas turned down the complaint. It said it had trade guide valuations as follows:

Glass's	£6,310.00
CAP	£6,608.00

Mr P brought his complaint to us in early November 2023.

Our investigator recommended that the complaint should be upheld. He didn't think Ageas' offer was fair and reasonable. He recommended that Ageas should:

1. increase its initial settlement offer up to £9,959.75, subject to a policy excess; and
2. pay Mr P 8% simple interest on £3,351.75 from the date it paid its initial offer until the date of the final settlement under the present outcome; and
3. pay Mr P £150.00 compensation for stress and worry.

Ageas disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- We have used examples, some of which are not comparable to the insured vehicle.

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 is required to compensate Mr P for the market value of his vehicle.
The policy defines market value as follows:

> "*The cost of replacing your car with another of the same make, specification …, model, age, mileage and condition as your car just before the loss or damage you are claiming for*"

I've noted that the policy schedule included "*PRODUCT: Ageas - islands*". So I consider that Ageas had a target market that included the island where Mr P lived.

I've also noted that the policy schedule included an estimate of the value of the car at £9,500.00. That is in no way conclusive, but it's the first indication that used car values were higher on the island than in the UK.

When assessing whether an insurer has made a reasonable settlement offer, we usually look at retail valuations from certain motor trade guides. However, Mr P's car had a local registration that the trade guides don't recognise.

In any event, the island is small and has its own rules, including about imports and taxes. So I accept that the island has prices that are different from the UK. For that reason, I don't consider that Ageas' trade guide valuations are persuasive.

Mr P has sent us a number of adverts for vehicles with similarities to his. The most similar was for a similar model (with higher mileage but about a year younger than his) with an asking price of £9,950.00.

Also, Mr P has shown us evidence that he bought the same model (albeit with a petrol engine and about eight months younger) at a cost of £9,959.75.

So, in the unusual circumstances of this complaint, I consider that a fairer pre-accident value for Mr P's car would be £9,959.75.

From what I've seen, Ageas has paid Mr P its valuation of £6,608.00 and either deducted or waived the excess.

Putting things right

So the increase of the valuation from £6,608.00 to £9,959.75 will require Ageas to pay a further £3,351.75.

I consider that Ageas should've made such a payment by about 15 October 2023. So I find it fair and reasonable to direct Ageas to pay interest from that date at our usual rate.

In addition, I've thought about the extra distress and inconvenience the under-valuation caused Mr P at an already difficult time for him. Much of that was to do with being kept out of money, for which the interest is compensation.

Nevertheless, I accept that Mr P had to contact Ageas more often than should've been necessary. Also, he felt that Ageas wasn't listening to him and wasn't treating him fairly. So I consider that it's fair and reasonable to direct Ageas to pay Mr P £150.00 for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. I direct Ageas Insurance Limited to pay Mr P:

1. In addition to its previous payments, a further £3,351.75. for his damaged car; and

2. simple interest on that further amount at a yearly rate of 8% from 15 October 2023 to the date of its further payment. If Ageas considers that HM Revenue & Customs requires it to take off income tax from that interest, it should tell Mr P how much it's taken off. It should also give hm a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and

3. £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 3 September 2024.
Christopher Gilbert
Ombudsman