

The complaint

Mr and Mrs G have complained about their car insurer Ageas Insurance Limited, they feel the settlement it paid to them after their car was written-off was too low.

The policy is in the name of Mrs G, with Mr G as a named driver. For ease of reading through the rest of my decision, I'll refer to Mrs G only.

What happened

Ageas was settling a claim for Mrs G's damaged car which it had decided was what is known as a "total loss". It said initially that the fair market value it would pay Mrs G for her car was £4,750, minus the policy excess of £250. When Mrs G complained, Ageas said it would increase the market value to £4,900, and the policy excess was £275. Mrs G didn't understand why the policy excess amount had changed. She felt a fair value for her car was £5,500 – £5,700.

Ageas wasn't minded to further revise its settlement. It paid the sum of £4,900 less the £275 policy excess to Mrs G as an interim settlement. Mrs G complained to the Financial Ombudsman Service.

Our Investigator, having reviewed some adverts of cars for sale provided by Ageas, felt it had evidenced that the market value it had applied was fair. So he wasn't minded to uphold the complaint.

Mrs G was unhappy with that. Her complaint was referred to me for an Ombudsman's decision. I was minded to uphold the complaint and require Ageas to pay an additional sum based on what I had found to be a fair market value for the car, less what it had already paid. So I issued a provisional decision to share my views with both parties.

Mrs G accepted the decision. Ageas said it was not challenging the 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.

My provisional findings were:

"This Service has an approach to motor valuation complaints which seeks to avoid consumer detriment whilst allowing an insurer a reasonable chance to show the settlement they made was fair. In short, where the different motor valuation guides return different values, we'll expect an insurer to pay in line with the highest valuation – unless it has good reason to support a payment in line with any lower values returned."

Here the four motor valuation guides referred to returned the following values:

- £4,650
- £4,900

- £5,252
- £5,815

Mrs G has asked for settlement based on a market value of £5,500-£5,700, a sum approaching the highest of those four guide valuations. At an early stage of our complaint process Ageas argued that that fourth and highest valuation was out of step. It noted it had found adverts for cars for sale when it had set its market value of £4,900, none of which supported a valuation of £5,815. I think Ageas has raised a fair point in this respect.

The only advert I've seen which might suggest settlement based on that sum would be fair was presented by Mrs G. She presented two adverts for cars for sale which she feels are similar to hers, being made and registered in the same year as hers. Her car had below average mileage and a full-service history. The first advert presented was for a car for sale with a full-service history, priced at £6,495. But this had quite a few less miles than Mrs G's car – closer to 80,000. I think it's likely that the lower mileage was a factor on the sale price being asked. So I don't think this advert can be relied upon either in support of the highest valuation or as a reasonable indicator of the likely market value for Mrs G's car.

Mrs G's second advert showed a car with some service history, priced at £5,200. The mileage was said to be 92,000 – the closest I've seen to that which Mrs G's car had done. I'm mindful that this price is in line with the second highest value returned by the valuation guides.

Ageas though feels that it has supported its market value of £4,900, based on one of the lower valuation guide values, in the adverts it has presented. Ageas presented seven adverts. Four of those were for cars with different registration years to Mrs G's. So I don't think they are reasonably like Mrs G's car and I'm discounting them. Of the three remaining, one doesn't state which year it was registered. So I can't be sure it's like Mrs G's and I'm discounting it. Which leaves Ageas having supported its lower market valuation with two sales adverts for cars of the same year of make and registration as Mrs G's.

These two adverts seem to show cars reasonably similar to Mrs G's – with the same engine size and gearbox type for example. But neither seems to have a full or even partial service history. Further, the mileage on both cars is slightly higher than Mrs G's – 94,000 and 98,000 as opposed to 89,000. Whilst finding an exact match on mileage isn't always possible, as a car approaches 100,000 miles, that can have an affect on its sales price. So I'm not persuaded that these adverts are as supportive of the valuation returned of £4,900 as Mrs G's advert was for the second highest valuation of £5,252.

As I said at the outset, our approach on these types of cases is designed to ensure no detriment is caused. Based on what I have seen, I'm not persuaded that Ageas has sufficiently shown that Mrs G could replace her car on a like-for-like basis for the market value it applied. I think that the balance of the evidence presented here supports an award requiring Ageas to adjust the market value for Mrs G's car based on the value returned by the second highest valuation guide – £5,252.

Ageas has paid based on the valuation of £4,900 already. That leaves a difference of £352 for it to pay. It should add interest to that sum, applied from the date of loss until settlement is made. I'm not sure if Mrs G replaced her car in the meantime. But I'm mindful that she felt she would need a further £600 – £800 to do so, whereas I am requiring Ageas to pay only a few hundred pounds more. If Mrs G has been without a car in the meantime, I'm not persuaded I can reasonably say that is Ageas' fault for not applying a fair market value to its settlement. So I'm not minded to award compensation on this occasion.

I know Ageas paid its market value, less the policy excess as an interim settlement of the claim. It's said it mistakenly advised Mrs G at first that the excess was £250, but the correct sum, of £275, was later used. It's unfortunate that Ageas got the excess sum wrong to start with. But I have seen the policy schedule – and it does show the policy excess is £275."

Neither party has objected to my provisional findings, so I've no need to change or amend them. As such my provisional findings are now those of this, my final decision.

Putting things right

I require Ageas to pay Mrs G £352, plus interest* applied from the date of loss until settlement is made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Ageas to take off tax from this interest. If asked, it must give Mrs G a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Ageas Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 19 August 2024.

Fiona Robinson
Ombudsman