

The complaint

Mr R complains that Accredited Insurance (Europe) Limited (“Accredited”) mishandled his claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a car, first registered in 2011. A previous owner added a tow-bar to the car. Mr R acquired the car in mid-December 2022.

For the year from late July 2023, Mr R had the car insured on a comprehensive policy with Accredited. A statement of fact document recorded that the car had a tow-bar. Any claim for damage (other than a windscreen claim) was subject to an excess of £200.00.

Unfortunately, Mr R reported that in early December 2023, a third party had accidentally damaged the car.

Much of the complaint is about acts or omissions of claims-handlers on behalf of Accredited. Insofar as I hold Accredited responsible for them, I may refer to them as acts or omissions of Accredited.

Accredited said the damaged car was a total loss and its pre-accident value had been £2,000.00. By mid- December 2023, Mr R had complained to Accredited that it was under-valuing the car. Accredited increased its pre-accident valuation to £2,300.00.

Later Accredited increased the valuation to £2,440.00. After deducting the excess of £200.00, Accredited made an interim payment to Mr R of £2,240.00 on about 5 January 2024.

By a final response dated mid-February 2024, Accredited turned down the complaint.

Mr R brought his complaint to us in late February 2024. He contended for a valuation of about £3,000.00.

Our investigator recommended that the complaint should be upheld. He thought that the top trade valuation of £2,500.00 was fairest to use. He recommended that Accredited should:

1. pay the difference (between £2,440.00 and £2,500.00), which is £60.00; and
2. pay 8% simple interest per annum on the pay-out difference (from the date the initial claim payment was made until settlement).

Mr R accepted the investigator’s opinion.

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

- Its final response increased its valuation to the middle trade guide valuation of £2,440.00 which is only £60.00 or 2.5% away from the highest valuation of £2,500.00.

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.

The policy requires Accredited to compensate the policyholder for the market value of their vehicle. The policy defines market value as:

"Market value

The cost of replacing your car in the UK with one of a similar make, model, age, mileage and condition, immediately before the loss or damage happened.

To assess the market value at the time of the loss, we may take advice from a suitably qualified, independent motor engineer or refer to publications such as Glass's Guide, and make an allowance for the mileage, condition and circumstances at the time you originally bought your car."

In assessing what constitutes a fair value, we generally expect insurers to review relevant guides to motor valuations - which is also our starting point for most valuation complaints.

I've looked at the available guides to assess whether Accredited's offer is fair and reasonable. I've reviewed CAP Market Value Manager, Glass's Market Value and Percayso guides, which gave values as follows:

Percayso	£2,212.00
Glass's	£2,440.00
CAP	£2,500.00

Looking at the valuations produced by the guides, I'm not persuaded that Accredited's valuation is fair and reasonable.

This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. Accredited's valuation of £2,440.00 sits in line with some of the lower values produced by these guides, but Accredited hasn't shown why this valuation is fair, or that Mr R can replace their car with a similar one for the amount offered.

In these circumstances, to be satisfied that Accredited's figure represents a fair valuation, I'd expect to have been provided with other evidence (for example, adverts for cars for sale around the time of the loss, reports from experts etc) to support that a lower valuation point is appropriate. And I'd need to be persuaded that this evidence is relevant and persuasive (and more persuasive than evidence provided by Mr R) before accepting that a lower valuation should be used.

Accredited has provided additional evidence, specifically four advertisements. But overall, I don't find it persuasive. That is because of the following reasons. One of the adverts contains a price of £2,995.00, which is higher than Accredited's figure. The other three adverts are for lower prices. However, one of them is marked "*Great price*" and "*PX to clear*", another is marked "*Cat N*" (a write-off category) and the other is for a vehicle with a smaller engine than Mr R's vehicle.

So, I'm not persuaded that a valuation in line with the higher guide is inappropriate, and to avoid any detriment to Mr R, that is my starting point. Considering that, and the valuations

produced by the guides, I consider that a more appropriate fair market valuation would be £2,500.00.

I acknowledge that Accredited's figure of £2,440.00 was close to £2,500.00, but in my view not quite close enough to be a fair valuation.

Putting things right

So I will direct Accredited to pay Mr R (in addition to its payment of £2,240.00) a further £60.00 for his car.

As I take the view that Accredited should've paid that amount to Mr R on about 5 January 2024, I find it fair to direct Accredited to pay interest on it at our usual rate from that date.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Accredited Insurance (Europe) Limited to pay Mr R (in addition to its payment of £2,240.00):

1. a further £60.00 for his car; and
2. simple interest on £60.00 at a yearly rate of 8% from 5 January 2024 to the date of the further payment. If Accredited considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr R how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 October 2024.

Christopher Gilbert

Ombudsman