

## The complaint

Mr S is unhappy with the service provided by Tesco Underwriting Limited (TUI) following a claim he made on his car insurance policy.

## What happened

Mr S took out a car insurance policy with TUI in July 2023. In October 2023 Mr S contacted TUI to make a claim. Mr S's car was deemed a total-loss. TUI provided a pre-accident value (PAV) of £33,250. This was determined by using the values returned from the trade guides it had considered, and adding an additional £1,958 for optional extras (OE's). TUI paid Mr S £32,600 (£33,250 minus the policy excess of £650) on 19 December 2023. Mr S was unhappy with the PAV for his car, and complained to TUI.

TUI didn't increase the PAV placed on Mr S's car. Mr S didn't accept TUI's findings, and brought his complaint to this service for investigation. The investigator checked other trade guides that this service would usually consider when determining complaints about car valuation. The values relied on by TUI, and returned during our investigation have been summarised below:

	<b>AT</b>	<b>Percayso</b>	<b>Glass's</b>	<b>Solero/ CAP</b>	<b>Optional Extras (OE)</b>
TUI [from final the final response letter]	32,193	n/a	32,190	32,150	1,958
Financial Ombudsman Service	35,317	<b>35,369 (highest value)</b>	32,190	33,000	
Financial Ombudsman Service with OE				33,350	
<b>TUI paid 32,600</b>					

The investigator considered the evidence and said in line with our approach TUI should pay the highest valuation returned as TUI hasn't provided any additional evidence to suggest it's not appropriate for us to rely on it. The investigator also recommended TUI add an additional £1,958 to the highest figure of £35,369 in settlement of Mr S's complaint to reflect the optional extras. This meant TUI would need to pay Mr S a total of £37,327 less his policy excess. The investigator also said TUI would need to pay interest on the additional amount due to Mr S at 8% per annum simple from the date Mr S received the interim payment, until the date the additional payment is made.

TUI disagreed with these findings. TUI provided examples of cars similar to Mr S's on sale from December 2023, and in May 2024, in support of its valuation of Mr S's car. As the complaint couldn't be resolved, it has been passed to me for decision.

I issued a provisional decision on Mr S's complaint. This is what I said about what I'd 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. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.*

*I've looked at the trade guides that we would usually refer to when dealing with complaints about market valuation. Trade guides are based on extensive nationwide research of likely (but not actual) selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. We expect insurers to use trade guides when valuing a car for claims purposes. Based on the circumstances of Mr S's complaint, I think it's fair that TUI used the trade guides here.*

*The values returned from the additional two trade guides (AutoTrader and Percayso) are both higher than the values returned from the trade guides used by TUI when assessing Mr S's claim. Given the recent competitive market for second-hand vehicle sales, the Financial Ombudsman Service feels it's fair to rely on the highest valuation returned by the motor valuation guides. Here that is £35,369. That is unless the insurer can show there is good reason to think a lower value/its lower value is fair.*

*I've carefully considered the adverts provide by TUI in support the PAV offered to Mr S. I've seen these adverts are from more recent times (May 2024), so don't reflect advertised prices at the time of loss. So I don't think it's fair to rely on them.*

*I've also seen that TUI has referenced a report completed closer to the date of the incident (in December 2023), showing a range of cars on sale of a similar specification to Mr S's. And some of these cars are the same make and model, and have a similar mileage, to Mr S's. But not all of the information relevant for each specific advert is shown, such as the number of previous owners, which is likely to impact the valuation. I have taken this evidence into consideration when determining what a fair and reasonable valuation should be, in light of our approach to complaints about market valuation.*

*TUI valued the optional extras on Mr S's car at £1,958. TUI used this amount to inform the PAV offered to Mr S. I've seen that only one of the four trade guides returned a motor valuation inclusive of optional extras. This value is £33,350. I note this value is lower than the highest value returned of £35,369. I'm also mindful that the value of optional extras generally depreciates over time.*

*All things considered, I think the fair and reasonable thing to do is to pay Mr S the full market value of his car less the policy excess. TUI will only be directed to pay 8% simple interest on the difference between its settlement offer of £32,600, and the higher valuation. This interest is to recognise the time Mr S has been without the money owed.*

*This reflects our approaching for directing a business to rely on the highest valuation returned by the motor valuation guides. It also considers the additional evidence provided by TUI of cars advertised broadly close to the date of the incident on sale for lower than the highest valuation returned by the motor valuation guides. It also takes into consideration the valuation of the optional extras placed by TUI, and offered to Mr S.*

### **Putting things right**

*For the reasons set out above, I intend to uphold this complaint. I intend asking Tesco Underwriting Limited to settle the complaint as follows:*

- 1. Settle Mr S's motor insurance claim based on a valuation of £35,369 minus the policy excess. This figure will represent the final settlement amount; and*
- 2. Pay interest on the difference between the interim payment, and the final settlement amount. The interest should be calculated from 19 December 2023 (the date of TUI's initial payment request) to the date of payment. The rate of interest is 8% simple interest per year\**

*\*If TUI Insurance Company Limited considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr S how much it has taken off. It should also give Mr S a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

### **my provisional decision**

*I am minded to ask Tesco Underwriting Limited to settle Mr S's complaint as detailed above.*

### **The responses to my provisional decision**

I invited both Mr S and TUI to respond to my provisional decision.

Mr S didn't respond to the provisional decision. TUI said it has nothing further to add.

### **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.

I haven't received any comments that materially change the outcome of Mr S's complaint, or my direction for putting things right. So I'll be directing TUI to put things right as set out in my provisional decision.

### **Putting things right**

For the reasons set out above, I uphold this complaint. Tesco Underwriting Limited must:

1. Settle Mr S's motor insurance claim based on a valuation of £35,369 minus the policy excess. This figure will represent the final settlement amount; and
2. Pay interest on the difference between the interim payment, and the final settlement amount. The interest should be calculated from 19 December 2023 (the date of TUI's initial payment request) to the date of payment. The rate of interest is 8% simple interest per year\*

\*If TUI Insurance Company Limited considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr S how much it has taken off. It should also give Mr S a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons provided I uphold this complaint.

Tesco Underwriting Limited must follow my directions for putting things right as explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 9 October 2024.

Neeta Karelia  
**Ombudsman**