

The complaint

Mrs D and Mr M complain about how U K Insurance Limited (UKIL) dealt with a claim on their motor insurance. References to UKIL include other organisations and individuals acting on its behalf.

What happened

Mrs D and Mr M had motor insurance underwritten by UKIL. Mrs D was the policyholder and Mr M was a named driver. Another driver crashed into their car when it was parked outside their house. UKIL decided that the car couldn't be economically repaired and declared it a total loss.

Mrs D and Mr M were unhappy with the amount UKIL offered to settle the claim and with UKIL's customer service. They were also unhappy that UKIL hadn't taken account of the value of the towbar on the car. They complained to UKIL. UKIL increased the valuation to £6,690, took account of the towbar, and paid Mrs D and Mr M £200 compensation for the distress and inconvenience caused by the way the claim and the complaint were dealt with.

Mrs D and Mr M weren't happy with UKIL's response and complained to this service. Our investigator didn't uphold their complaint. He said he thought the valuation was fair and the compensation of £200 was in line with what this service would suggest for the customer service and other issues.

Mrs D and Mr M didn't agree so their complaint has been passed to me. Mrs D and Mr M want UKIL to agree a higher market value for their car and pay them further compensation for the poor service they received.

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 don't uphold Mrs D and Mr M's complaint. I'll explain why.

Mrs D and Mr M's insurance policy documents with UKIL said:

"How much will you pay if my car is damaged?"

Where damage to your car is covered under your policy, we'll pay the cost of repairing or replacing your car up to its UK market value. This is the current value of your car at the time of the claim. It may be different to the amount you paid or any amount you provided when you insured your car with us."

Market value was defined as:

"The cost of replacing your car with another of the same make and model, and of a similar age and condition at the time of the accident or loss."

In cases like this, this service relies on motor trade guides to calculate the market value of a vehicle. These guides are based on extensive nationwide research using, for example, advertised selling prices, auction prices and actual selling prices. The approach taken by this service is that, in the absence of good evidence to the contrary, the motor trade guides are very likely to be accurate.

Our investigator obtained valuations from the trade guides of £6,375, £5,390, £6,493 and £6,648. However UKIL have provided an advert of a similar vehicle for sale with a price of £6,690 which is the valuation it placed on the car. This is higher than the valuations the investigator obtained from the guides and as Mrs D and Mr M haven't provided any evidence to the contrary, I think this is a fair and reasonable valuation.

The car had some damage that pre-dated the accident and UKIL's engineer estimated the cost to repair this damage at £465, which was deducted from the final settlement payment. Our investigator checked this against relevant guidance and I'm satisfied, in the absence of any evidence to the contrary, that this was a fair and reasonable amount.

UKIL increased the market valuation in respect of the tow bar of £398, which is approximately 50% of the cost of a new tow bar as evidenced by Mrs D and Mr M, to allow for depreciation. I think that is a fair and reasonable approach in the circumstances, given that the tow bar on the car wasn't new.

UKIL awarded Mrs D and Mr M £200 compensation. Taking into account the customer service issues, including delays with responding to the complaint, the fact that the tow bar hadn't been included in the initial valuation and the amount of chasing Mrs D and Mr M did, I think that £200 is a fair and reasonable amount and is in line with amounts this service awards for distress and inconvenience of this nature.

Mrs D and Mr M are also unhappy that the keys to their caravan, which they say were in the car, haven't been returned. I understand from UKIL that this wasn't included in Mrs D and Mr M's complaint. I cannot comment on this, as this service can only look at complaints where the business has been given an opportunity to respond. However it is open to Mrs D and Mr M to make a complaint to UKIL about the keys, and come back to this service if they aren't satisfied with UKIL's response.

My final decision

For the reasons given above, I don't uphold Mrs D and Mr M's complaint. So I don't require U K Insurance Limited to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr M to accept or reject my decision before 11 November 2024.

Sarah Baalham
Ombudsman