

## **The complaint**

Miss A complains about the way West Bay Insurance Plc valued her car as part of a claim on her motor insurance policy.

This complaint involves the actions of agents for whom West Bay are responsible. Any reference to West Bay includes its agents.

## **What happened**

Miss A held motor insurance underwritten by West Bay.

Miss A was involved in a car accident and made a claim to West Bay. West Bay deemed Miss A's car a total loss and offered to settle the claim by paying the car's market value. Miss A thought West Bay had undervalued her car. She explained that it was rare and had features that made it more valuable, including modifications that had been declared on the policy (a spoiler and alloy wheels), a leather interior, and lower-than-average mileage.

West Bay asked its engineers to look at the valuation again. West Bay went on to offer Miss A £3,452 plus a further £500 for the car's modifications, less her policy excess.

Miss A was unhappy with this, so she referred the matter to the Financial Ombudsman.

Our investigator looked into what happened. She didn't think West Bay had reached a fair market value. But she thought it had valued the spoiler and alloy wheels fairly. So, she thought West Bay should increase its valuation to £3,790, plus the £500 for the modifications, plus interest.

Miss A and West Bay agreed to this. West Bay says it has now settled the complaint in line with our investigator's findings. However, a dispute arose over other features of the car, including wing mirrors and side skirts. Another investigator looked into things and agreed with the previous outcome.

Miss A was unhappy with this. She said her car was rare and irreplaceable, and she hasn't been able to find a similar one.

Because Miss A didn't agree, the matter has been passed to me to make a final 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.

I've only summarised the background of the complaint and I mean no discourtesy by this. It's not my intention to minimise how strongly Miss A feels about her claim and the value of her car. It's also clear to me that Miss A's car was important to her. However, I've carefully read everything the parties have provided and I'm satisfied our investigators have reached a fair and reasonable outcome. So, I'm upholding the complaint to the same extent. I won't be telling West Bay to do more.

I know this will be disappointing for Miss A and I'm sorry about that. I've focused my comments on what I think is most relevant. If I haven't commented on a specific point, it's because I don't believe it affects what I consider to be the right outcome.

For the avoidance of doubt, I've only considered the amount West Bay has paid to Miss A for the value of her car and its modifications. I haven't considered the way West Bay disposed of Miss A's car, which is being investigated separately by our service.

Insurers like West Bay have a duty to handle claims promptly and fairly. West Bay has said it has followed our investigator's recommendation. So, I've considered whether this recommendation was fair and I'm satisfied that it was. I'll explain why.

West Bay had to settle the claim in line with Miss A's policy terms. The car was deemed a total loss, so West Bay had to pay the car's market value defined as:

"The cost of replacing the insured vehicle at the time of loss or damage compared with one of the same make, model, specification and condition."

I should explain that it isn't the role of the Financial Ombudsman to come to an exact valuation of a consumer's car. But we do look to see if the insurer has acted reasonably in looking to offer a fair market value. In assessing what constitutes a fair value, we review relevant motor trade guides. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. I've reviewed the valuations our investigator obtained from the guides. The values were £3,090, £3,195, £3,734, and £3,790.

We're aware that, for several reasons, second-hand cars are more often selling at, or close to, their advertised price. So, we usually think the best way to ensure a policyholder receives a fair settlement is for the insurer to use the highest of the valuations provided by the trade guides. This is unless the parties can provide persuasive evidence to show otherwise.

Miss A has provided a specialist valuation report from a garage. The report suggests that Miss A's car was worth between £5,350 and £5,850. The garage explains that Miss A's car had a rare leather interior. They said they'd only been able to find one car like it, which was being advertised for £6,150. They thought the motor trade guides wouldn't be able to accurately value the car because of this. They also advised that the car had undergone maintenance work in the last 12 months, to its timing chain and air conditioning condenser. They also said the car had factory-fitted extras including the spoiler and alloy wheels as well as the wing mirrors and side skirts.

I've considered the available evidence carefully, including the report Miss A has provided. I'm not persuaded that the leather interior has increased the car's market value, especially not to the level the garage has suggested. I say this for a few reasons. I can't see that the

garage has provided evidence of the car that they said they found for sale, so I can't compare this.

Optional features like leather interiors also depreciate over time and suffer from wear and tear. Miss A's car, along with its interior, has undergone around 12 years of depreciation and wear. Further, I think it's fair to say that a leather interior may be attractive to some buyers but may put other buyers off.

I also found that one of the trade guides we use was able to account for the leather interior as an optional upgrade as part of its valuation. The guide indicated that the leather interior no longer increases the car's market value. So, while I accept that this feature made the car rarer, I'm not persuaded that it added to its overall value.

Further, the money a consumer spends on maintenance, like the work mentioned in the garage's report, generally helps to keep a vehicle roadworthy and in retail condition – rather than increasing its value. If this money hadn't been spent, the vehicle may be valued at less than the retail amount indicated by the guides. I'm not persuaded that the maintenance work Miss A carried out should increase her car's market value beyond the retail amount suggested by the trade guides. Instead, I think the fairest outcome is for West Bay to settle the claim in line with the highest valuation provided by the guides.

In terms of the spoiler and alloy wheels, West Bay has provided what I think is a reasonable justification for paying Miss A £500 for these. Its engineers have shown that these would cost around £760 to buy new. They've also shown that the alloy wheels appear to have suffered heavy wear, and the standard cost of refurbishing an alloy wheel in 2023 was £98 plus VAT. Keeping in mind what Miss A has said she paid for these, along with what West Bay's engineers have said, I'm satisfied £500 was a fair and reasonable amount to add to the settlement.

Regarding the side skirts and wing mirrors, Miss A hasn't suggested that she added these to the car herself. West Bay's engineers also believe that these were standard parts. I haven't seen any evidence to suggest that these would increase the car's market value, and I'm mindful of what I said above – about modifications appealing to some buyers while putting others off. So, I don't think a separate payment should be made for these.

With all this in mind, I think our investigator reached the right outcome by recommending West Pay settle the claim using the highest trade guide valuation of £3,790, plus £500 for the modifications, less the policy excess, along with adding 8% simple interest from the date of first offer to the date of settlement. West Bay says it has done this. It also says it has paid interest for a separate period of delay.

I'm satisfied that the above represents a fair way to resolve the complaint.

### **Putting things right**

If it hasn't already done so, West Bay must:

- Pay Miss A £4,290 less her policy excess.
- Add 8% simple yearly interest\* to any cash amount payable above, from the date West Bay first offered to settle the claim to the date it settles the complaint.

\*If West Bay considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss A how much it's taken off. It should also give Miss A a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons I've given, I uphold Miss A's complaint about West Bay Insurance Plc and direct it to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 14 October 2024.

Chris Woolaway  
**Ombudsman**