

The complaint

Mr A complains about the value Watford Insurance Company Europe Limited (“Watford”) paid him following a claim under his car insurance. When I mention Watford I also mean its assessors and engineers.

What happened

Mr A had a motor insurance policy with Watford covering his car.

He was involved in an incident in the car which caused damage to it. He made a claim.

Watford investigated his claim. It said his car would cost more to repair than it was worth, which meant it would declare his car a total loss.

It also found that Mr A’s car had been issued a previous total-loss (‘write off’) category. It said it would pay him £5,012.33 less 20% due to the previous write-off, and it deducted a further amount due to pre-existing damage, so a final value of £3,609.87.

Mr A wasn’t happy about this and he complained about Watford’s valuation. He says he isn’t able to replace his car for the amount it’s paid him.

As he remained unhappy, Mr A brought his complaint to this service.

Our investigator looked into his complaint and said she thought Watford’s valuation of his car was fair.

Mr A didn’t agree with the view. He asked that his complaint was reviewed by an ombudsman. So, it 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.

Having read the file of evidence, I’m not upholding Mr A’s complaint. I’ll explain why as I appreciate he’ll be disappointed by my decision.

I’ll also mention that, in later correspondence with this service, Mr A asked whether he’s been overpaying his premiums given the deduction in market value of 20% that Watford used.

Under the terms of his policy, Watford would pay out the market value of his car, which is a defined term in the policy:

“The retail Market Value based on current industry standard guides for purchasing, or replacing, the insured vehicle with one of the same make, model, age, trim level, recorded mileage and being in a similar condition.”

It's not the role of this service to provide valuations for cars, but what we do is consider whether Watford has paid Mr A a fair and reasonable amount for his car.

The trade guides used by this service returned the following values based on the same car details as Mr A's:

Trade Guide A £4,901

Trade Guide B £4,925

Trade Guide C £4,910

Trade Guide D £5,064

The amount originally established by Watford was £5,012.33, which is towards the top end of the range of values from the trade guides. I can see it also sent adverts for similar cars available below this value. Mr A also provided some links to adverts, but sadly the links had expired. In the absence of other information, it follows that I think the approach used by Watford, and the market value it arrived at, was fair.

Watford then deducted part of this value due to some pre-existing damage on the car, and because it had previously been declared a write-off.

Mr A wasn't aware that his car had previously been written off and I can imagine this came as a considerable shock to him.

Cars that have been subject to a previous write-off generally sell for a lower price than one that hasn't. Watford was acting within its rights to reduce the amount it valued Mr A's car at, and I think its deduction of 20% is fair.

Unfortunately for Mr A, he doesn't seem to have checked the car's history when he bought it, which would likely have revealed the problem.

I've also seen the photos from Watford's assessor and I can see from the report there are some areas of pre-existing damage to Mr A's car. Watford doesn't need to pay for pre-existing damage under the claim made by Mr A.

Its assessor deducted about £500 from the valuation due to this damage. I've thought about this, and considered the age of Mr A's car, and I think Watford has acted fairly in reducing the valuation due to the pre-existing damage, which would have needed to be fixed if the car was being sold for its market value.

I've mentioned above that Mr A asked this service whether he'd been overpaying his premium because the market value of the car would have been lower due to the write-off status.

Although this didn't form part of his approach to this service, I asked Watford about this and it confirmed that Mr A had used a lower market value when he'd applied for cover (lower than the amount he received in settlement of his claim), and as this was apparently used as the basis for its premium calculation, there wouldn't have been a change in premium.

I know Mr A will find this outcome disappointing, but it follows that I think Watford has valued his car fairly and I'm not upholding his complaint.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 December 2024.

Richard Sowden
Ombudsman