

The complaint

Mr F has complained about the market value settlement U K Insurance Limited paid when he made a claim under his car insurance policy.

What happened

Mr F made a claim to his insurer UKI and it was settled by UKI paying a market value for his car at the time of loss.

Mr F disagreed with a deduction UKI took from the market value settlement for pre-existing damage.

UKI didn't uphold Mr F's complaint. It said the deduction was correct for existing damage not related to the incident.

Mr F asked us to look at his complaint. Our Investigator thought UKI had reasonably shown the deduction it took was fair. She found no evidence to contradict UKI's approach.

Mr F disagrees. He hasn't provided further information, but he wants an ombudsman to decide.

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.

Mr F's policy with UKI says the most it will pay in the event of a claim is the market value of his car at the time of loss. UKI defines the term 'market value' as: *"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"*

UKI's starting point for a market value settlement was the highest of the main motor trade guides. They used the 'retail transaction' value which is the amount a consumer would expect to pay for a similar car from a retail garage. So I think this was fair and in line with our approach. We find the trade guides are a reliable way to reach a fair valuation for a car as they provide an average based on likely selling prices for a car of the same make, model, age, condition and mileage.

UKI made a deduction for pre-existing damage which Mr F disagrees with. I've looked at the photos of Mr F's car which shows the areas and degree of damage UKI's engineer made a deduction for. While I agree with Mr F that it is reasonable for a car of nine years old to show some signs of wear and tear, I consider the extent of the damage highlighted to be more than this and would impact on the value of the car. The retail transacted values quoted by the trade guides are for a similar car in good condition.

I haven't seen any evidence to contradict the engineer's decision. And so I don't think UKI's decision to make a deduction from the market value for the pre-existing damage it highlighted was unreasonable.

My final decision

I'm sorry to disappoint Mr F. But for the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 12 December 2024.

Geraldine Newbold
Ombudsman