

The complaint

Miss W is complaining about the amount Accredited Insurance (Europe) Ltd (Accredited) have paid to settle a claim she made on her car insurance policy. She is also unhappy with the customer service she received.

Miss W is being represented on this complaint by a family member, but as Miss W is the policyholder, and for ease, I have referred to Miss W throughout.

What happened

In October 2023 Miss W was unfortunately involved in a car accident and so contacted Accredited to make a claim through her car insurance policy. Accredited declared Miss W's car a total loss and said it would settle the claim by paying Miss W the car's market value. It valued the car at £4,459.

Miss W didn't agree with the valuation and so disputed it. After not receiving a response Miss W raised a complaint with Accredited. Miss W didn't receive a response to her complaint within 8 weeks and so bought her complaint to this Service.

Our investigator upheld Miss W's complaint. She said Accredited said it had reached its valuation using three market value guides and she had consulted these guides herself, plus an additional guide. She said Miss W had lost out because Accredited hadn't consulted all of the guides available and the guide which provided the highest valuation (£4,798) gave a fairer reflection of the market value of Miss W's car. She thought Accredited should increase its valuation to £4,798 and pay 8% per year simple interest on this amount from the date the settlement was paid to the date the additional settlement was paid. She also thought Accredited should pay £100 compensation for its poor communication.

Miss W made the investigator aware after bringing her complaint to our service Accredited had made an offer to resolve Miss W's complaint. Accredited offered to increase its valuation of Miss W's vehicle to £4,584, provide a pro-rata refund of 3.5 months premium amounting to £582.41 and £400 compensation for distress and inconvenience.

Our investigator issued a further view. She said Accredited should increase its valuation of Miss W's vehicle to £4,798 and pay 8% interest on the additional settlement due. She said Accredited's offer to provide a pro-rata refund of premiums and £400 compensation was reasonable. Accredited accepted the investigator's view but Miss W disagreed with it. She said the compensation that had been offered wasn't reasonable for the distress and inconvenience caused. She also felt additional interest should be paid.

I issued a provisional decision upholding this complaint and I said the following:

'I want to acknowledge I've summarised Miss W's complaint in less detail than she has presented it. I've not commented on every point she has raised. Instead I have focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this service. I assure Miss W and Accredited that I've read and considered everything that's been provided. I'll address the key

points separately.

Market Value of Miss W's vehicle

The role of our service isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of the policy correctly and valued the vehicle fairly.

Under the terms of Miss W's policy, Accredited had to pay her the market value of her car. The terms of the policy define market value as, 'how much it would cost to replace your car (in the UK) with the same make, model, age and condition, at the time the loss or damage happened. This may not necessarily be the value you estimated for the car when you bought your insurance. We may use publications like Glass's Guide to assess the market value, and we'll take mileage and condition into account.'

It is standard practice for the industry to use valuation guides to work out the estimated value of a car, and it's not unreasonable that it does so. The valuation the guides give are based on the advertised prices of similar cars with a similar age and mileage for sale at the time of loss.

Accredited said it assessed the value of Miss W's car by using three valuation guides which produced valuation figures of £4,300, £4,495 and £4,584 respectively. Initially Accredited valued Miss W's vehicle as the average of these three valuations, but later valued Miss W's vehicle as the highest of these valuations (£4,584). However this Service consulted a further guide which Accredited hadn't, which produced a valuation figure of £4,798.

I don't think Accredited have shown the guides it used have provided a fair valuation of Miss W's vehicle as the further guide has given a valuation higher than the guides it has used. This has meant Miss W has lost out.

Where valuation guides give a range of values, we'd compare the insurer's valuation against the highest value given by the guides, unless there is something to suggest this isn't a fair reflection of the amount similar cars sell for on the open market. Accredited haven't provided any evidence to suggest the highest valuation given by the guides isn't a fair one and so I think it should increase its valuation of Miss W's vehicle to £4,798.

Miss W provided Accredited with advertisements of vehicles for sale and the original sales invoice from when she purchased the vehicle. She has also said she paid for parking sensors, an extended warranty and a contribution towards a major service. I have considered this but I'm not persuaded the advertisements provided demonstrate the highest valuation provided by the valuation guides is an unreasonable one. I also haven't seen persuasive evidence the additional extras Miss W paid for increase the market value of her vehicle.

Accredited should pay 8% per year simple interest on the additional £214 payment due for the increased valuation of Mrs W's vehicle. This should be calculated from the date it paid Miss W its settlement for her vehicle to the date this additional settlement is paid.

Customer Service

Accredited have a responsibility to deal with claims promptly and fairly. Consumer Duty also requires it to offer helpful and accessible customer support throughout the lifecycle of a product, including during a claim.

Miss W believes Accredited have breached its responsibilities under Consumer Duty and

based on the evidence provided I agree it hasn't provided the appropriate customer support to Miss W.

In November 2023 Accredited made a settlement offer to Miss W based on what it believed to be the market value of her vehicle. Miss W disagreed with this settlement and was asked to send in evidence to support her position which she did.

At the point Miss W disagreed with the market value she had been offered, Accredited should have offered to pay Miss W an interim payment whilst it considered the further evidence and made it clear this wouldn't prejudice the dispute in valuation. By not doing so Miss W lost out on money that should have been sent on 21 November 2023. Therefore Accredited should pay 8% per year simple interest on the settlement it paid to Miss W for the market value of her vehicle calculated from 21 November 2023 when it first made its valuation offer to Miss W to the date it raised its settlement to Miss W.

Following Miss W sending evidence to Accredited, she was sent emails asking whether she wished to retain salvage or not, informing her the vehicle was incurring storage and to arrange collection if she wanted to retain it. Accredited have said the tone of these emails wasn't appropriate which I would agree with. The tone and contents of these emails would have caused Miss W unnecessary distress.

Miss W didn't receive any correspondence regarding the valuation of her vehicle until March 2024 despite multiple requests. Miss W would have been caused distress and inconvenience as a result of Accredited's failure to correspond and failure to appropriately deal with the valuation dispute. As I've already said Miss W hadn't received or been offered an interim payment meaning she spent this period of time without a vehicle and without a settlement to put towards a new vehicle.

Accredited have offered a pro-rata refund worth 3.5 months of Miss W's premium which is says totals £582.41. I think this refund, along with the additional payment for the increased value of Miss W's vehicle, and interest places Miss W back in the same financial position she would have been in had Accredited not made the errors it has done.

The terms of Miss W's policy allow her to replace her vehicle on the policy with a new one within 30 days if her vehicle was declared a total loss. Had Accredited settled Miss W's claim promptly, Miss W wouldn't have continued to pay a premium toward her vehicle which had already been declared a total loss and which she didn't have access to. Instead she would have been able to pay a premium towards insuring a new vehicle which she would have been able to have use off. Therefore I think Accredited's offer to refund 3.5 months premium is reasonable.

Miss W has explained she purchased a new vehicle and new policy as she wasn't receiving a response from Accredited in relation to her claim. She has said this was done at significant inconvenience and financial cost. I acknowledge Miss W felt she had little option but to do this given she was without her vehicle or settlement for a number of months due to Accredited's errors. As I've said I think the offer Accredited have made places Miss W back in the same financial position she would have been in, but I have taken into consideration the distress Miss W was caused by this.

Accredited have offered £400 compensation for the distress and inconvenience caused to Miss W. Based on the evidence available I don't think this fairly reflects the distress and inconvenience caused to Miss W. Miss W spent considerable time contacting Accredited without response which caused her unnecessary inconvenience and distress. As Accredited didn't offer Miss W an interim payment she spent a number of months without a vehicle and so had to make alternative arrangements. This is in addition to the distress caused by the

inappropriate tone Accredited used in its emails to Miss W in December 2023. Taking all of this into consideration I think compensation of £600 more fairly reflects the considerable distress and inconvenience Miss W was caused due to Accredited's errors.

I acknowledge Miss W has said she was unhappy with the service she received in relation to her personal injury claim. I understand her claim for personal injury is being dealt with by a solicitor and a complaint is being considered separate to this Service. I therefore won't comment on this as part of this decision.'

Neither Miss W nor Accredited had anything further to add following my provisional 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.

As neither party has given me anything further to think about, I see no reason to reach a different conclusion to the one I reached before. So I uphold this complaint for the reasons I set out in my provisional decision.

My final decision

For the reasons I've set out above, it's my final decision that I uphold Miss W's complaint about Accredited Insurance (Europe) Limited. I require it to:

- Pay Miss W a further settlement of £214
- *Pay 8% per year simple interest on this amount calculated from the date it paid Miss W the settlement for her vehicle to the date this additional settlement is paid
- *Pay 8% per year simple interest on the settlement it paid Miss W for the value of her vehicle calculated from 21 November 2023 when it should have offered an interim payment to the date it raised the settlement.
- Pay Miss W a premium refund of £582.41
- Pay Miss W £600 compensation

*If Accredited Insurance (Europe) Limited considers it is required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss W how much it has taken off. It should also give Miss W a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

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

Andrew Clarke
Ombudsman