

The complaint

Mrs S complains about the amount Sabre Insurance Company Limited paid to settle a claim she made on her motor insurance policy.

What happened

Mrs S's vehicle was damaged after being involved in an accident in October 2023. She tried to contact Sabre to make a claim under her motor insurance policy but said she encountered difficulty in reaching them. When she was able to speak to someone, Sabre reviewed the accident circumstances and said the claim would be classed as "fault" – as they had nobody to make a recovery from. And they said the damage caused to Mrs S's vehicle would mean it was a 'total loss'; they said it would cost more to repair the vehicle than it was worth. Sabre valued her vehicle at £5,000 but Mrs S wasn't happy, and she couldn't replace her vehicle with the settlement sum.

Mrs S remained unhappy with the settlement amount offered and said her vehicle was worth £13,000 based on adverts she'd found, which ranged from £8,394 to £16,600. She raised a complaint so Sabre in which she also raised dissatisfaction with Sabre's handling of the claim. In response, Sabre agreed there had been some delays in handling the claim and increased the total loss settlement amount to £7,500. Unhappy with Sabre's response, Mrs S brought the complaint to this Service.

An Investigator looked into things for Mrs S but didn't recommend that the vehicle's valuation be increased. They thought it was in line with the available evidence and therefore fair and reasonable. But they did agree there had been some delays and recommended Sabre pay £150 compensation.

Mrs S didn't agree with the Investigator's recommendation; she said Sabre's settlement was based on a basic three door panel van with three seats whereas her vehicle was a five door with side windows and five seats. She also said she wouldn't be able to replace her vehicle with the £7,500 offered and she didn't think £150 compensation was enough to make up for the distress and inconvenience she'd experienced – she asked for an Ombudsman to consider the complaint.

An Ombudsman issued a Provisional Decision of this complaint on 12 November 2024 in which they said:

"I've come to a different conclusion to the investigator and I'll now explain why.

The terms and conditions of Ms S' policy say that if Sabre deem her vehicle a total loss, it will pay her the market value. The insurer's policy requires it to compensate Ms S for the market value of her vehicle. In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations - which is also our starting point for most valuation complaints. Our service doesn't value vehicles. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant trade guides.

Generally, this Service will review four separate valuation guides. However, in Ms S's case, only one guide would value Ms S's van and it provided a valuation of £7,629. I'm satisfied this was what the guide considered a fair valuation for the same make, model and specification of Ms S's van. The other guides did not produce valuations based upon the age of the vehicle. Ms S says that the valuation guide was not accurate because hers was a 5 door 5 seat edition. She values her vehicle at £13,000 based on the adverts she provided.

I have reviewed these adverts and while I agree with the investigator that they are for vehicles of a different spec and therefore not directly comparable to Ms S's vehicle, it is clear from the adverts that the detail of the spec for this van affects the value. I am persuaded that the adverts show that £7,500 is too low of a valuation. That said, I note that several of the adverts are for vans of a higher spec than Ms S's and all have a considerably lower mileage. In the circumstances, £8,750 is a fairer valuation.

Whilst some parts of Sabre's customer service Ms S has complained of are standard practice (e.g. requesting valuation evidence and checking VAT registration), I agree with our investigator that Sabre should compensate Ms S for the distress, delay and inconvenience she has suffered due to Sabre's poor valuation process. The originally offer of £5,000 was based upon an engineer's valuation however it was much lower than even the single guide produced. I consider that £250 is a fair compensation sum for the distress caused by this. For these reasons, I uphold Ms S's complaint.

My provisional decision

For the reasons set out above, my provisional decision is I that I uphold this complaint and require Sabre Insurance Company Europe Limited to pay Ms S £8,750 as the market value of her van subject to any applicable policy excess and deduction of any payments already made. 8% simple interest per year should be added to the additional amount it pays, calculated from the date of the first payment until the date of the settlement. Sabre should also pay Ms S £250 for the distress, delay and inconvenience she has suffered."

Both parties were invited to respond to the Provisional Decision.

Mrs S said she remained unhappy with the increased valuation of £8,750 as this wouldn't allow her to replace her vehicle with a like for like van – and this meant she was left in a worse position than before the accident happened. However, she said she agreed to the compensation sum of £250.

Sabre also replied and said they disagreed with the Provisional Decision. They said Mrs S's vehicle was in a poor condition prior to the accident and they provided adverts for vans which they said were a match to Mrs S's. Sabre said they were satisfied that their settlement amount of £7,500 remained fair and reasonable and would allow Mrs S to replace the vehicle. They concluded that if the settlement was increased to £8,750 Mrs S would be over compensated.

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.

The policy's terms require Sabre to compensate Mrs S for the market value of her vehicle in the event of it being declared a total loss. And while it isn't the role of this Service to come to an exact valuation of a consumer's vehicle - we do look to see if insurers have acted

reasonably in looking to offer a fair market value of the vehicle in line with the policy's terms and conditions.

In assessing what I think is a fair value for Mrs S's vehicle, I considered the range of the guides used within the motor insurance industry for valuing vehicles. I found that only one provided a valuation, which was for £7,629. I also considered the range of adverts Mrs S provided which she says demonstrates a higher value. I've concluded that, while they are not directly comparable to her own vehicle, they do demonstrate that the prices differ significantly when looking at differences in specification.

Sabre initially valued Mrs S's vehicle at £5,000, based on their engineer's comments, and later increased this to £7,500. They then provided further evidence in response to the Provisional Decision in the form of adverts for vehicles which Sabre say are matches to Mrs S's own. One of these adverts show a value of £5,495 for a 2008 vehicle with 170,000 miles, dated 9 December 2024. However, I don't think this evidence, dated a year after the incident date, is persuasive enough to suggest that the valuation is a fair one. This is because the advertisement does not show the market value of Mrs S's vehicle immediately before the loss.

In situations like this, where valuation evidence provides a range of values, we'd usually compare the insurer's valuation against the highest value given by guides, unless there is something to suggest this isn't a fair reflection of the amount similar vehicles sell for on the open market. Having considered all the evidence provided to me, I'm satisfied that the valuation of £8,750, provided in one of Mrs S's adverts, is a fairer valuation to use and one that produces a fair and reasonable outcome in this particular complaint. The advert is for a broadly comparable vehicle and is also contemporaneous. It follows that I'm ultimately satisfied this value would have allowed Mrs S to replace her vehicle on the open market.

And because Sabre haven't been able to demonstrate that this valuation is an unreasonable one, it follows that I think the fairest way for them to settle the claim is for Sabre to pay Mrs S the valuation figure of £8,750, as well as 8% simple interest on this sum from the date it should have been paid, until the claim is ultimately settled.

In relation to the other complaint points Mrs S raised; because I think Sabre should have paid a higher valuation figure for her vehicle earlier, I think it's fair to conclude that Mrs S would have been caused some distress and inconvenience as a result of her vehicle being valued lower than it should have been. And having considered the overall impact to Mrs S as part of this complaint, I agree that £250 compensation is fair and reasonable in order to acknowledge the distress and that has been caused.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Sabre Insurance Company Limited to:

- Pay Mrs S £8,750 for the total loss of her vehicle, subject to any applicable policy excess and deduction of any payments already made; and
- Pay 8% per year simple interest on this sum from the date the claim should have been paid, until the claim is concluded; and
- Pay £250 compensation for trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 11 February 2025.

Stephen Howard
Ombudsman