

The complaint

Mr T complains that One Insurance Limited (“One”) mishandled a claim on a commercial vehicle insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a double-cab pick-up vehicle, made by a well-known vehicle maker and first registered in 2020.

Mr T acquired the vehicle in about 2022. He changed its registration number to one personal to him.

For the year from 23 March 2024, Mr T insured the vehicle, through a broker, on a comprehensive policy with One. Any claim for damage (except a windscreen claim) was subject to an excess of £750.00.

Mr T reported to One on about 5 April 2024, that a garage had told him that water had damaged the vehicle.

On about 8 April 2024, One decided that the vehicle was a total loss and its pre-accident value had been £28,000.00.

On about 11 April 2024, One got the damaged vehicle moved from the garage to its salvage agent. One didn’t inform Mr T.

On about 26 April 2024, One accepted the claim. One told Mr T the location of his vehicle.

One told Mr T its valuation. Mr T complained to One, including that it was under-valuing the vehicle.

On about 7 May 2024, One paid Mr T £27,250.00.

By a final response dated 9 May 2024, One turned down the complaint.

Mr T brought his complaint to us in late June 2024.

our investigator’s opinions

In October 2024, our investigator recommended that the complaint should be upheld in part. She thought that One’s valuation of the vehicle was fair and reasonable. However, she thought that One could’ve better managed Mr T’s expectations and kept him updated with the claim’s progress. She recommended that One should compensate Mr T £150.00 for the distress and inconvenience caused.

Mr T asked about VAT.

In November 2024, our investigator changed her opinion. She still recommended that the complaint should be upheld in part. She thought that if the policyholder is unable to claim back the VAT, we would expect it to be included in the settlement. She recommended that One should add VAT to the settlement, plus 8% simple interest from when the original settlement was paid to Mr T until when this payment is made.

Mr T accepted the investigator's changed opinion.

One disagreed with the investigator's changed opinion. It asked for an ombudsman to review the complaint.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr T and to One on 7 January 2025. I summarise my findings:

I was minded that a fair valuation would be £33,600.00 including VAT.

Nevertheless, I wasn't minded to find it fair and reasonable to direct One to make any further payment to Mr T on a claim that arose out of an incident on about 1 March 2024, about three weeks before the policy started.

Subject to any further information either from Mr T or from One, my provisional decision was to uphold this complaint in part. I intended to direct One Insurance Limited to pay Mr T £150.00 for distress and inconvenience.

Mr T disagreed with the provisional decision. He says in summary, that:

- The pick up was insured with One from 30 March 2023 to 23 March 2024 then auto renewed to 23 March 2025.
- One sent him a notice of cancellation letter dated 11 April 2024. He rang them and said that he would like to cancel the policy as they had taken his pick up. They said if he did cancel then they wouldn't proceed with the claim. That forced him to pay the £756.00 premium for the year from March 2024.

One also disagreed with the provisional decision. It says, in summary, that:

- The customer held insurance with One between March 2023 to 2024. His claim was valid. His insurance renewed shortly after the claim took place. As the provisional decision is based solely on the claim date, One understands this outcome will change.
- A direct example confirmed that if VAT was excluded it would be confirmed as excluded by Percayso with the wording stating "*all figures exclude VAT*".
- In this customer's case the guide stated the figures are "*subject to VAT status*" which clearly indicates the price included VAT considering what the standard wording would state.
- Also the fact that the trade guide prices matched with VAT included is a clear indication that the prices listed on the trade guides already included VAT without an increase needed.

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 T told One that the damage happened on 29 February 2024. He told us that there was an incident on 1 March 2024, that his vehicle had an engine problem from that date and that several garages investigated it. I find that water damaged the engine of his vehicle on about 1 March 2024.

Neither Mr T nor One has sent the policy schedule for the year or other period ended 23 March 2024. Nevertheless, in response to the provisional decision, each of them agrees that the policy was in force during that period and in particular on about 1 March 2024. One has accepted that this will change the outcome from the provisional decision.

The policy schedule dated 19 March 2024 said that the reason for the issue of the schedule was "new business", but I now accept that it was a renewal. That policy schedule (and probably the 2023 schedule) recorded that the value of the vehicle was £30,760.00. However, that was only an estimate. The policy covered the vehicle up to its market value.

The policy defined market value as follows:

"how much it costs to replace your van with another that is a similar make, model or has the same features. This depends on how old your van is, how many miles it has done, and its condition (paint work, mechanics, rust and so on)."

I can understand that, in the context of a relatively new and valuable vehicle, Mr T was expecting a repair. And the damaged vehicle remained his property. So I consider that One should've contacted Mr T and/or accepted his claim before it sent his vehicle to its salvage agents.

I accept that One took some time to investigate the claim. However, I don't accept that putting the claim "on hold" excused One from communicating with Mr T. Its failure to do so caused Mr T some upset and inconvenience, including tracking down the contents of his vehicle.

As One investigated and accepted the claim within one month, I don't hold it responsible for any unreasonable delay.

The Financial Ombudsman Service is bound by the Financial Conduct Authority's dispute resolution rules. One such rule is that, before we can investigate a consumer's complaint, the consumer must first have made that complaint to the regulated firm and waited for up to eight weeks for a final response. Also, we have to follow a two-stage process under which an investigator gives an opinion and, if necessary, an ombudsman gives a final decision.

I haven't seen enough evidence that Mr T complained to One about non-cancellation of the renewed policy in April 2024. Indeed, he didn't mention such a complaint in his complaint form in late June 2024. So, the investigator didn't give an opinion on such a complaint. I consider that was in line with the rules. I don't consider that I can deal with such a complaint in this final decision.

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. I've looked at the available guides to assess whether One's offer of £28,000.00 is fair and reasonable. I have reviewed the guides and found valuations as follows:

CAP Market Value Manager £26,000.00

Glass's Market Value £28,154.00

Percayso (formerly Cazana) £28,946.00

Each of those valuations, including the Percayso valuation, is silent as to VAT. Nevertheless, in the context of a commercial vehicle, I'm satisfied that these figures don't include VAT.

One has provided an advertisement that says "*All figures exclude 20% VAT*". I have no reason to doubt One's statement that it was a Percayso advertisement. However, that's not enough to persuade me that the wording is standard wording for Percayso. I'm not persuaded that there is any significance in the absence of such wording from the Percayso valuation and the other two valuations.

Generally, we wouldn't expect the insurer to add VAT if the policyholder is registered for VAT. That's because, in their returns to HMRC, they can set off VAT paid against VAT charged. Although Mr T is VAT registered, I accept that he can't recover VAT on the purchase of a similar vehicle as it was a double-cab with a payload less than 1,000 kilograms.

The investigator recommended a valuation of £28,000.00 plus VAT. With VAT at 20%, that would amount to £33,600.00. Mr T accepted the investigator's recommendation.

One says that it found two advertisements that show that – including VAT - £28,000.00 was a fair valuation. However, they are only two advertisements.

I'm more persuaded by the trade guides and in particular the Glass's valuation. I'm minded that a fair valuation is £28,000.00 plus VAT, that is £33,600.00 including VAT.

Putting things right

That will require One to pay, in addition to its payment of £27,250.00 on 7 May 2024, a further £5,600.00. I take the view that One should've made that further payment on 7 May 2024. So I will direct One to pay interest from that date on that further payment at our usual rate.

The investigator recommended that One should pay Mr T £150.00 for distress and inconvenience. Mr T accepted the investigator's recommendation. And I agree that £150.00 is fair for such distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct One Insurance Limited to pay Mr T:

1. in addition to its payment of £27,250.00, a further £5,600.00 for his vehicle; and
2. simple interest at a yearly rate of 8% on that further payment from 7 May 2024 to the date of payment. If One considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr T how much it's taken off. It

should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and

3. £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 February 2025.

Christopher Gilbert

Ombudsman