

## The complaint

Mr M is unhappy with the service provided by U K Insurance Limited (UKI) following a claim he made on his car insurance policy.

## What happened

In January 2024 Mr M's car was involved in an incident. Mr M was told UKI would settle his claim on a total loss basis. The values returned from the valuation guides used by UKI were:

CAP: £8,539  
Glass's: £9,460  
Auto Trader: £10,391  
Percayso: £10,583

UKI told Mr M '*...the first engineer discounted the CAP guide and only took an average of the three highest guides. This provided the value of £10,145.*' UKI's engineer also found pre-existing damage (PAD) relating to the wheels, and applied a PAD deduction of £70 to the pre-accident value (PAV). UKI also applied a £54 deduction to reflect Mr M's car being without MOT. This resulted in a PAV amount of £10,021 payable to Mr M.

Mr M didn't accept UKI's offer to settle his claim and brought his complaint to this Service for investigation. During our investigation UKI agreed to increase its offer to represent the highest value returned from the valuation guides. This meant a value of £10,583 less the deduction for PAD, and the car having no MOT, resulting in a PAV amount of £10,459.

UKI also agreed to pay 8% simple interest on the difference from the date of the original payment. UKI also agreed to pay Mr M £100 for distress and inconvenience caused to reflect the delay in making this offer to Mr M.

The Investigator found that the service provided by UKI fell short of what we'd expect, but its offer to settle the complaint was reasonable, and in line with what this Service would direct in the circumstances. Mr M rejected these findings saying he had found an advert for a car similar to his on sale for £13,995 and UKI should pay him this amount in settlement of his claim. As the complaint couldn't be resolved, it was passed to me for 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 reviewed the evidence I agree with the investigator's findings on this complaint for broadly the same reasons. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

I've looked at the valuation guides that we would usually refer to when dealing with complaints about market valuation. These guides are based on extensive nationwide

research of likely selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. We expect insurers to use valuation guides when valuing a vehicle for claims purposes.

I've carefully considered the values returned from the valuation guides alongside the PAV offer made by UKI. When considering complaints about vehicle valuation, we look to see whether the insurer has shown its valuation is fair. To do this we usually use four recognised valuation guides. Where we find a material difference between the guides, we'd expect a business to support why the PAV it has offered is a fair one. In this case, UKI has agreed to calculate the PAV of Mr M's car based on the highest value returned from the guides.

It's not disputed that Mr M's car didn't have a valid MOT in place at the time of the incident. So I think UKI's deduction for MOT is fair in the circumstances. UKI also made a deduction for PAD. I can't see that Mr M has specifically disputed this. But considering the amount of the deduction, and the overall PAV placed by UKI, I'm persuaded reliance on UKI's PAV of £10,459, after applying the deductions, is fair and reasonable. I'll explain why.

Mr M has provided one advert showing a car on sale for £13,995. I accept this car is the same make and model as Mr M's. However the mileage on this car is more than the mileage on Mr M's car from the date of the incident. The difference is around 6,000 miles. I've also seen that the advert is for a newer car registered in 2011, whereas Mr M's car was registered in 2009. I appreciate the differences may not appear to be considerable to Mr M. But I'm persuaded mileage and year of registration do have a material impact on the valuation of a car. And so I don't think Mr M's evidence supports UKI increasing the PAV.

I'm satisfied the PAV of £10,459 is a fair and reasonable valuation in the circumstances, and so UKI should base its settlement calculation on this amount. As Mr M has already been paid an interim settlement amount, UKI will only be directed to pay 8% simple interest on the difference between this amount, and outstanding payment. This interest is to recognise the time Mr M has been without the money owed.

UKI didn't make Mr M a reasonable offer at the start of the claim. Because of this, Mr M was caused additional distress and inconvenience in trying to sort out his claim. When thinking about the impact on Mr M because of UKI's delay in making a reasonable PAV settlement offer, I'm persuaded the impact is nominal. I say this because even if UKI had offered Mr M £10,459 at the start of the claim, it's likely Mr M would've rejected this. So Mr M would've more likely than not been in the same position he is in now.

So although UKI could've done more to ensure its offer had been made a lot sooner in the claims process, I don't think this would've made a material difference to the claim, or impact on Mr M.

I'm satisfied £100 reflects UKI's poor service, but also that the impact on Mr M has been nominal. This amount is reasonable in the circumstances, and in line with our approach. So I'll be directing UKI to pay this.

### **Putting things right**

U K Insurance Limited is directed to:

- 1) Settle Mr M's car insurance claim based on a valuation of £10,459. As an interim payment has already been made, UKI is directed to pay the outstanding amount only;
- 2) Pay interest on the outstanding amount under direction (1). The interest should be

calculated from the date of the interim payment until the date of settlement. The rate of interest is 8% simple interest per year\*; and

3) Pay £100 for distress and inconvenience.

\*If U K Insurance Limited considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr M how much it has taken off. It should also give Mr M a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is that I uphold this complaint. U K Insurance Limited is directed to follow my directions for putting things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 March 2025.

Neeta Karelia  
**Ombudsman**