

The complaint

Mr A has complained about Aioi Nissay Dowa Insurance UK Limited. He isn't happy about the valuation of his car after it was deemed a total loss following a claim under his motor insurance policy and about the poor service he received.

What happened

I looked at this case and provided my initial thoughts in my provisional decision as follows;

Mr A made a claim under his motor insurance policy and his car was deemed a total loss. When Aioi Nissay looked to settle the claim Mr A wasn't happy with the valuation of his car and about the poor service he received.

Aioi Nissay looked to value Mr A's car after it was written off by looking at a number of the various trade valuation guides in order to gauge the market value of his car. It initially offered Mr A £5,525 (less his policy excess and outstanding policy premium) before increasing its offer to £5,830 which was towards the higher end of the valuations it found in the guides.

When Mr A complained to Aioi Nissay about this, as he believed his car was worth a lot more, it maintained its position that its offer was a fair market value. But it did offer £150 compensation in acknowledgement of its poor service and miscommunication when it cancelled his policy.

Our Investigator looked into things for Mr A but she didn't uphold his complaint. She thought that Aioi Nissay had valued his car fairly and that £150 compensation in acknowledgement of its poor service felt fair.

As Mr A didn't agree the matter has been passed to me for review.

What I've provisionally 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 done so, I feel that this complaint should be partly upheld. I'll explain why.

This Service has an approach to valuation cases like Mr A's which has evolved in recent times. When looking at the valuation placed on a car by an insurance company, I consider the approach it has adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions. I pay attention to the various trade valuation guides used for valuing cars. And I look at any other evidence provided by both sides, such as advertisements or details about the condition of the car.

Valuing second-hand cars is far from an exact science and it isn't my role to value Mr A's car. I'm just looking to see if Aioi Nissay has acted reasonably in providing a fair market value of his car and, overall, I think it has but it has made a small deduction to the valuation in relation to pre-existing damage that doesn't feel fair.

Ultimately, the policy requires Aioi Nissay to compensate Mr A, the policyholder, for the market value of his car. The policy defines market value as 'The cost of replacement with one of the same make, model and specification, taking into account the age, mileage and condition where applicable.'

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. And I've looked at the available guides to assess whether Aioi Nissay's offer is fair and reasonable. And having reviewed the available valuation guides, which have produced values of £4,945, £5,604 and £5,910 respectively, I think Aioi Nissay's eventual offer feels fair as it sits towards the highest of the valuations produced.

I know Mr A has suggested that his car is worth more, but I haven't been able to access the additional adverts he found that he feels supports his position. However, generally adverts have some negotiation involved in the advertised price and I haven't seen sufficient evidence to persuade me that the guides aren't a fair reflection of the market value of his car. And given Aioi Nissay has eventually offered a value in line with the highest guide I think that feels fair.

However, it has made a small deduction of £80 in relation to pre-existing damage but that doesn't feel fair. I've seen the photographs and engineers report, but the damage isn't clear or is very minor. Generally, older cars like Mr A's have low levels of wear and tear, but the value isn't affected, and such damage is factored into valuations given the age of the car. So, I think the £80 should be refunded to Mr A plus 8% simple interest for the time he's been without the money.

Aioi Nissay has also deducted his policy excess and Mr A's remaining policy premium and cancelled the policy. However, while the policy excess was always due under the policy, I'm not sure it has acted fairly in relation to the deduction of the premium. I say this as I think if Mr A was clearly advised about how the policy works, he would have kept the policy and looked to place a new car on cover. It was clear that he was asking about a courtesy car, which he wasn't entitled to under the policy as his car had been written off, and he wanted to stay mobile. And Aioi Nissay has acknowledged how poorly it dealt with the cancellation of the policy as it incorrectly told him he would get a full refund of the unused premium when it offered £150 compensation.

Overall, I think if Mr A was clearly advised here, he would have looked to use the remainder of his policy by placing another car on cover. So, I feel it is only fair he should be refunded the remainder of the premium plus simple interest for the time he's been without the money owed. And I feel that Mr A should be awarded a further £100 compensation for this, in addition to the £150 Aioi Nissay already awarded, as I think this caused further stress and confusion to Mr A.

Finally, I reached out to Aioi Nissay about the present position in relation to the claim for clarity and I understand that the third-party insurer has now accepted liability which is good to hear. I'll leave Aioi Nissay to update Mr A about this and the impact on him separately.

Replies

Aioi Nissay didn't respond to my provisional decision while Mr A said he was happy with the decision and said that the damage to his car was minor and so he was shocked his car was written off. Plus, he went on to say that he was promised his excess back as it was a non-fault claim, but he hasn't heard any more about this.

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 done so I remain of the view that the complaint should be upheld. And as Aioi Nissay hasn't responded and Mr A has accepted the position outlined I don't propose to comment any further and see no reason to change my position.

However, I note that Mr A has said that he was surprised his car was a write-off but older cars like his can be expensive to repair and I can see that Aioi Nissay looked into the cost of repairing his car before deciding it was a write-off. And Mr A hasn't been prejudiced in anyway as he has been paid the market value of his car. Plus, I note Mr A has mentioned trying to recover his excess payment. And now the third-party appears to have accepted liability he could look to recover this direct from the third-party insurer and his insurer *may be* able to help him with this. I'll leave this to be advanced separately by Mr A.

As there hasn't been any comment on my provisional decision I remain of the view that the fair and reasonable thing to do in the particular circumstances of this case is for Aioi Nissay to refund the £80 deduction for damages and refund the remainder of Mr A's premium, adding simple interest for the time he's been without the money owed. And an additional £100 compensation (£250 total) for the further stress, confusion and inconvenience all this has caused him.

My final decision

It follows, for the reasons given above, that I'm upholding this complaint. I require Aioi Nissay Dowa Insurance UK Limited to -

- refund the £80 deduction for pre-existing damage adding 8% simple interest from the date of initial payment to the date of settlement,
- refund Mr A's remaining premium adding 8% simple interest from the date of cancellation until the date of settlement, and
- pay an additional £100 compensation (£250 in total).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 March 2025.

Colin Keegan
Ombudsman