

The complaint

Mr M has complained about West Bay Insurance Plc. He isn't happy about the valuation of his vehicle after it was deemed a total loss following a claim under his commercial motor insurance policy.

What happened

Mr M made a claim under his motor insurance policy with West Bay after his vehicle was written off following a fire. As it was deemed a total loss West Bay looked to pay Mr M around £3,404 as the market value of his vehicle. But as Mr M felt his vehicle was worth more and he couldn't buy a replacement for the amount West Bay offered he complained to West Bay and then this Service.

Our Investigator looked into things for Mr M and upheld his complaint. He looked at the various motor valuation guides in order to gauge if West Bay had offered a fair value. Having done so only one guide provided a valuation of £4,498 which was higher than West Bay's offer and the valuation it found. And as he didn't think West Bay had provided sufficient evidence to support its valuation, he thought it should increase its offer to £4,498.

As West Bay didn't respond the matter has been passed to me for review.

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 agree that this complaint should be upheld. I know this will come as a disappointment to West Bay, but I'll explain why.

This Service has an approach to valuation cases like Mr M's which has evolved in recent times. When looking at the valuation placed on a vehicle 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 Mr M's vehicle. But 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 terms and conditions. I pay attention to the various motor valuation guides used for valuing vehicles. And I look at any other evidence provided by both sides, such as advertisements or details about the condition of the vehicle.

Valuing second-hand vehicles is far from an exact science and it isn't my role to value Mr M's vehicle. I'm just looking to see if West Bay has acted reasonably in providing a fair market value of Mr M's vehicle and, overall, I don't think it has.

Ultimately, the policy requires West Bay to compensate Mr M, the policyholder, for the market value of his car. The policy defines market value as '*The cost of replacing the vehicle in the UK with another of the same age, condition, make, mileage, model and specification as the vehicle was just before the loss or damage you are claiming for*'.

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 in this instance, not all the guides have produced valuations which makes this case

slightly more difficult. I've looked at the available guides to assess whether West Bay's offer is fair and reasonable. And having reviewed the available valuation guides, West Bay found a valuation of just over £3,000 which its engineer considered before increasing its offer to £3,404 and our Investigator found one motor valuation guide suggesting a value of £4,498. Having considered these it is clear that West Bay has offered towards the lowest of the valuation guides. And so, looking at the valuations produced by the guides, I'm not persuaded that West Bay's valuation offer of £3,404 feels fair.

This is because the valuation guides have produced two valuations which vary significantly from the lowest to the highest. As I've outlined West Bay's offer sits towards the lower end of the values produced, but it hasn't shown why its offer is fair, or that Mr M can replace his vehicle with a similar one for the amount offered. I can see West Bay has provided two adverts for a similar vehicle that are advertised for more but have less mileage, but I don't feel these are comparable. To be persuaded that West Bay's offer is fair I would expect to be provided with more evidence to support its position.

In these circumstances, to be satisfied West Bay's offer represents a fair valuation, I'd expect to have been provided with more evidence than this. And I'd need to be satisfied that this evidence is relevant and persuasive before accepting that a lower valuation should be used. And so, I don't see any reason, in fairness to Mr M, not to go with the highest valuation guide found as I haven't seen sufficient evidence to support the position that Mr M can replace his vehicle with a similar one for the lower amount offered by West Bay.

Given all of this and as West Bay hasn't responded to the Investigator's view and haven't provided sufficient evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate, and to avoid any detriment to Mr M, the highest valuation produced by the guides is my starting point. So, considering the variation of values produced, and the lack of other evidence provided, I consider that a more appropriate fair market valuation would be £4,498 less any policy excess owed. And West Bay should pay 8% simple interest for the time Mr M has been without the shortfall as he has been without the money owed.

My final decision

It follows, for the reasons given above, that I'm upholding this complaint. I require West Bay Insurance Plc to pay Mr M a market value for his vehicle of £4,498 adding 8% simple interest from the date of initial payment to the date of final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 April 2025.

Colin Keegan
Ombudsman