

The complaint

Mr G has complained about the way AXA Insurance UK Plc dealt with a claim he made under his car insurance policy. He is unhappy with the valuation AXA paid for his stolen car. Mr G believes AXA racially discriminated against him.

What happened

In February 2024 Mr G's car was stolen and so he made a claim to his insurer, AXA. AXA paid a total loss settlement to Mr G based on the market value of his car.

As part of investigating the claim, AXA arranged for Mr G to be interviewed. Mr G complained about the interview process as he felt the questions asked of him were irrelevant to his claim. He believed AXA discriminated against him because of his race. He complained that the valuation AXA paid was too low.

AXA said it had paid a fair valuation for Mr G's car. It could not locate a recording of the interview that took place. In its absence, AXA said in good faith it would uphold Mr G's complaint. AXA apologised for any distress caused and paid compensation of £125. £25 of this amount was for its delay dealing with Mr G's complaint.

Mr G remained unhappy and brought his complaint to us. One of our Investigators looked at Mr G's signed witness statement which set out the answers Mr G gave during the interview. From this, she could determine the questions AXA had asked of Mr G and found they were not unusual when investigating a claim. So she didn't recommend this complaint should be upheld. She thought AXA's decision to compensate Mr G for any distress that may have been caused in asking the questions it did was reasonable.

The Investigator found that AXA hadn't reached its valuation reasonably. She found many examples of similar cars to Mr G's online for sale for more than AXA's valuation. From the motor trade guides, she found AXA's valuation was toward the lower end. So she recommended AXA increase the total loss settlement to the highest of the trade guide valuations, and pay interest on the difference.

AXA accepted the Investigator's findings. Mr G didn't agree. In summary he says he gave a valuation for his car when he bought his policy with AXA, so he believes AXA should pay this sum to him to settle his claim. He believes he was racially profiled by AXA and is unhappy with the questions asked of him.

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.

AXA reached a market valuation for Mr G's car of £23,500. We don't decide a valuation. But we can look at whether an insurer reached its valuation reasonably and in line with the policy.

Mr G's policy is a standard 'market value' car insurance policy. So it isn't an agreed value policy. This means that AXA hasn't agreed to pay a set price for Mr G's car in the event of a total loss claim.

Mr G's policy with AXA says the most it will pay in the event of a claim is the market value of his car at the time of loss. It defines the term 'market value' as;

"The cost of replacing your car in the UK with one of the same make, model, specification, mileage, age and condition."

Mr G says he expected AXA to pay the sum of £33,000 as this is the sum he gave as the vehicle valuation in February 2023, and is confirmed on the copy schedule of motor insurance. I can understand why Mr G may have thought this. However, the valuation set here is the sum a consumer believes their car to be worth at the time of buying insurance. The policy wording provided by AXA sets out what AXA will pay in the event of a claim, being the market value at the time of loss.

We find the main motor trade guides a reliable way to decide a fair valuation for a car. They provide valuations based on the likely selling prices of a vehicle of the same make, model, specification, age, mileage and condition. Where appropriate, we also look at adverts for similar cars.

In this case, we found that there was a sufficient amount of adverts for similar cars to support an increase in the valuation AXA reached. And AXA hasn't provided anything to support why its valuation was toward the lower end of the motor trade guides. So in line with our approach, and to align with the adverts for similar cars, I think AXA should increase the market value from £23,500 to £25,247. I think AXA should pay interest on the difference from one month after the date of the claim to the date it pays Mr G.

I'm sorry to read that Mr G believes AXA discriminated against him. Although AXA has been unable to locate a recording of the key interview call, I've looked at the witness statement which sets out Mr G's answers to the questions asked during the call.

Having done so, I hope I can assure Mr G that none of the questions AXA asked were unusual or unique to Mr G. I've seen the same questions asked by insurers in many previous cases, irrespective of the race of the consumer. An insurer is entitled to make reasonable enquiries about the background of the circumstances leading to the event, as well as validation questions around the purchase of the stolen vehicle.

Although AXA couldn't find evidence to fully investigate this complaint, it apologised for any distress Mr G may have felt as a result of this part of its claims process. AXA paid Mr G £100 compensation.

I think this was a fair and reasonable outcome.

My final decision

I uphold Mr G's complaint in part. I require AXA Insurance UK Plc to do the following:

- Increase the market value settlement sum to £25,247 (minus the excess already deducted).
- Pay interest on the difference from one month from the date of the claim to the date it pays Mr G.
- Interest is payable at a rate of 8% simple interest a year from one month from the date of claim to the date AXA pays.

AXA Insurance UK Plc must pay the compensation within 28 days of the date on which we tell it Mr G accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If AXA Insurance UK Plc considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr G how much it's taken off. It should also give

Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 May 2025.

Geraldine Newbold
Ombudsman