

The complaint

Mr B complains about how his insurer, LV Insurance Limited (LV) valued his vehicle as a total loss following its theft.

Any reference to LV in this decision includes their agents.

Mr B was supported by a representative when bringing his complaint to this Service. References to Mr B include his representative.

What happened

In July 2024 Mr B's vehicle was stolen from the driveway of his property. He notified the police and LV the same day and was told by LV that they would contact him with a settlement figure for his vehicle. However, after a week Mr B hadn't heard from LV, so he contacted them. The call handler made a settlement offer over the phone that was subsequently made in writing (£31,901 less the policy excess of £750, a net settlement of £31,151), but it was significantly less than Mr B had been expecting, having carried out research on publicly available websites. Nor had the claim handler included any value for contents in the vehicle when stolen (a child car seat and buggy). The subsequent letter from LV offered £451.49 for the personal belongings (£300 policy limit for personal belongings, being the buggy, and £151.49 for the car seats).

Mr B told the call handler he wouldn't accept the settlement offered, but was told they would no longer be entitled to the hire car LV had arranged, as LV considered they had made settlement. Mr B felt he was being pressured into accepting a lower than expected settlement. He challenged what he had been told and LV responded to say the hire car wouldn't be removed (as Mr B had been incorrectly informed). Further exchanges then took place about the hire car and valuation of Mr B's vehicle, leading to LV increasing their valuation and settlement offer in mid-August (to £35,251). The increase was due to the low number of vehicles of the specific make, model and mileage of Mr B's vehicle. Mr B eventually agreed to take the revised offer, although remained unhappy with the amount, thinking it some £2,000 too low. LV paid the settlement in September 2024 (£34,481 after the policy excess of £750).

Given what had happened and the time being taken to agree a settlement, Mr B raised a complaint towards the end of July 2024. He was also unhappy at having to maintain the policy (including the premium) while the issues were being resolved.

LV didn't uphold the complaint. In their final response, issued in October 2024 following an earlier final response at the beginning of September 2024, they said the valuation was completed as quickly as possible, although they accepted the revision to the valuation took longer. On the issue of the loss of part of the policy premium, LV said they wouldn't be compensating Mr B as the vehicle would need to be insured even after the incident. But they would extend the period within which Mr B could add a replacement vehicle to the policy to November 2024.

Mr B then complained to this Service. He was unhappy at the valuation of his vehicle, saying it was too low compared to the research he'd carried out. He also felt pressured into accepting the settlement and the removal of the hire car had caused problems over the school holidays, with four occasions when his son couldn't attend holiday club due to lack of transport. He'd also suffered stress from what had happened, including panic attacks. He thought LV's valuation was some £2,000 less than the market value of his vehicle, taking account of its mileage. He also wanted compensation for the stress, upset and inconvenience he (and his family) had suffered as well as reimbursement for the taxi journeys and missed holiday club sessions (to the value of at least £275). While reluctantly accepting LV's revised offer, he was struggling to find a like for like replacement vehicle with the settlement amount.

Our investigator initially upheld the complaint, concluding LV hadn't acted fairly. Having reviewed the available industry guide valuations (which ranged up to £35,862) she concluded LV's revised settlement offer (£35,231) was positioned close to the highest valuation. Having reviewed the examples of vehicles advertised for sale provided by Mr B, she wasn't persuaded they would on their own indicate the settlement should be higher. LV had provided advertisements to support its settlement and that a replacement vehicle could be purchased for less than their settlement offer. So, LV's offer was fair and reasonable.

While Mr B said he'd incurred additional travel costs due to the delays in LV providing what he thought a fair settlement sooner, LV had offered to make payment of the settlement even if disputed. So, she didn't think the additional travel costs were due to LV. However, it took over two months for the settlement to be paid, meaning Mr B didn't have use of the funds as quickly as he should have. So, the investigator thought LV should pay interest on the settlement from a month after the claim was made to when the settlement was paid. The investigator also thought LV should pay Mr B £100 for distress and inconvenience.

LV challenged the investigator's initial view, saying they'd offered an interim settlement a week after the theft, which Mr B declined. Delays then occurred in the valuation process as Mr B had provided examples of vehicles advertised for sale that were different models or transmissions. LV had found it difficult to contact him due to work commitments and he'd said at the beginning of August that all contact had to be via email, which lengthened the time for discussion with their engineer. Once they made their revised offer, in August 2024, Mr B declined to accept payment until his complaint had been addressed.

Our investigator considered the representations from LV and issued a second view. She maintained her view LV's revised settlement offer was fair, but as Mr B had declined the revised settlement when made initially (in August 2024) LV weren't responsible for the delay in the settlement being paid until September 2024. So, she concluded LV shouldn't pay interest. However, as LV had initially offered a significantly lower settlement figure, this led to delay until the revised (fair and reasonable) settlement was made. And the claim for his car seats and buggy wasn't initially included. So, the investigator thought LV should pay £200 compensation for distress and inconvenience (LV said they had already paid £100).

Mr B disagreed with the investigator's view and asked that an Ombudsman review the complaint. He maintained the first valuation offer from LV was far below the true market valuation of his vehicle. LV has also been unresponsive to the concerns they had raised, for example about the effect of the very low mileage of their vehicle compared to the average. The case had been drawn out, increasing the stress and inconvenience they'd suffered. Nor did they accept not having interest paid on the revised settlement.

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.

My role here is to decide whether LV has acted fairly towards Mr B.

The key issue in Mr B's complaint is the valuation of his vehicle. He says LV's valuation isn't sufficient to purchase an equivalent replacement vehicle, thinking the market value of his vehicle some £2,000 higher. LV say their valuation is fair.

A further issue is the time taken to arrive at the revised valuation (£35,231), after LV's initial offer (£31,901). Mr B is unhappy at the time taken for his claim to be assessed, causing stress to him and his family over the summer holiday period.

While mentioned in his complaint to this Service, I've noted LV (in a letter dated September 2024 to Mr B) have said they have issued payment for Mr B's car seats (£151.49) and personal belongings (£300) for the buggy in the vehicle when it was stolen. As the £300 is the policy limit on cover for personal belongings and the £154.99 based on receipt(s), then I think this is fair and reasonable, so I haven't considered this aspect any further.

Turning to how LV calculated their settlement valuation, I've first looked at what the policy provides for. In cases of total loss, the policy provides for the market value of the vehicle to be paid. Market value is defined in the policy as:

"The cost of replacing your car with the same make, model and specification. Age, mileage and condition will be taken into account. We'll ask an engineer for advice, use motor trade guides and other sources to determine the market value at the time of the accident or loss. We'll consider the amount you could have reasonably got for your car if you sold it immediately before the accident, loss or theft and not the price you paid for it."

As a Service, our approach to vehicle valuations starts by looking at an insurer's valuation, which we generally expect to be based on relevant industry valuation guides. We'd expect an insurer's valuation to be based on the highest valuation guide figure (or higher). If it was, then we are likely to say it's fair, unless there's other evidence to say this is unfair (and an insurer can evidence their offer is fair when it's lower than the highest guide value).

Turning to the industry valuation guides, I've looked at the valuations for Mr B's vehicle from LV. From what I've seen, their initial valuation was based on the average of valuations from two recognised industry valuation guides, using an estimated mileage for Mr B's vehicle at the time of the theft.

- (A) £32,370 (Retail Transacted)
- (B) £31,432 (Retail Transacted)

LV took the average of the two figures to arrive at their initial offer (£31,901 less the policy excess of £750 to give a net valuation of £31,151). I can see a subsequent response from LV which added a third valuation guide figure of £31,630 which slightly changed the average to £31,810.

I've also looked at the exchanges between Mr B and LV about the valuation of his vehicle. When LV made their initial offer a week after the theft (£31,901) Mr B contacted them to say his vehicle was worth £35,000 to £40,000 and sent examples of vehicles advertised for sale to support his view. LV's case notes indicate their engineer phoned Mr B the following week to say the examples he provided were for petrol models (Mr B's vehicle was a diesel model). LV sent their own examples, to which Mr B responded to say the example vehicles had mileages double (or more than double) the mileage of his vehicle.

LV then revised their offer to £32,370 at the beginning of August, following which there are further discussions leading to LV revising their offer again. The revised offer was based on five market examples of vehicles similar to Mr B's vehicle, adjusting for the mileage of Mr B's vehicle by applying a figure of £128 for every 1,000 miles between the difference in mileage between Mr B's vehicle and the examples. This produced the final offer of £35,231. Mr B indicates he still believes a fair value would be £37,000.

Having established how LV arrived at their valuations, I've then looked at the valuations for Mr B's vehicle from the four recognised industry valuation guides used by this Service. The valuations were based on the registration details of Mr B's vehicle and estimated mileage at the time of the theft. Two of the four guides – (A) and (B) – were the guides used by LV in their initial valuation.

- (A) £33,010 (Retail Transacted)
- (B) £33,750 (Retail Transacted)
- (C) £34,835 (Retail)
- (D) £35,862 (Market Value)

While there is some variation between the figures (and with the equivalent valuations for the guides also used by LV) I've noted LV's final offer is close to the highest guide figure. As I've said, we'd expect LV's valuation to be based on (or close to) the highest valuation guide figure (or higher). If it was - as is the case here - then we are likely to say it's fair. Unless there is other evidence to say this is unfair.

Given the example vehicles that formed part of the discussions between Mr B and LV, as well as some example vehicles included in the valuation from (D) which support their valuation figure, then I've concluded LV haven't acted unfairly in their settlement valuation of Mr B's vehicle.

I've then considered the second aspect of the complaint, the time taken to arrive at a settlement, together with issues concerning the hire car provided to Mr B after the theft of his vehicle. Looking at the timeline of events. LV's initial offer was made a week after the theft of Mr B's vehicle, which I don't think unreasonable. And as it was based on valuation guide information (from two guides) using the estimated mileage of Mr B's vehicle, then I don't think that was unreasonable. However, it's clear Mr B wasn't happy with it, saying it was far below his estimate of his vehicle's value. At that point, I don't think it unreasonable for him to seek to challenge the valuation, and this isn't uncommon where there are disagreements over a vehicle's valuation.

I can see exchanges between Mr B and LV's engineer, including examples of vehicles advertised for sale provided by both parties. As I've noted above, there were issues with examples provided by both parties, about the appropriateness of the examples and the mileages, before LV revised their offer to £35,251 which they communicated to Mr B around the second week in August. While Mr B declined the offer, pending the outcome of his complaint, I've concluded it was a fair and reasonable offer for the reasons set out above – even though I recognise Mr B still felt it undervalued his vehicle.

So, I've concluded LV made a fair and reasonable offer a month after the theft of Mr B's vehicle, which isn't unreasonable given the discussions that took place. So, I've concluded it wouldn't be fair and reasonable to ask LV to pay interest of the settlement.

However, there was still some delay, which would have caused stress and inconvenience to Mr B. I've also noted what happened with the hire car, where LV incorrectly told Mr B he would have to return it when they made their initial valuation offer. This was incorrect and not in line with the policy terms and conditions. And while LV apologised for the confusion, I

agree it would have been distressing to Mr B, for the reasons he told us when bringing his complaint.

I've considered the impact on Mr B from what happened in the circumstances of this case and against the published guidelines from this Service on our approach to awards for distress and inconvenience. Having done so, I've concluded £200 for distress and inconvenience would be fair and reasonable.

My final decision

For the reasons set out above, my final decision is that I uphold Mr B's complaint. I require Liverpool Victoria Insurance Company Limited to:

- Pay Mr B £200 compensation for distress and inconvenience (or an additional £100 if they've already paid the £100 they awarded).

Liverpool Victoria Insurance Company Limited must pay the compensation within 28 days of the date we tell them Mr B accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 June 2025.

Paul King
Ombudsman