

## **The complaint**

J, a limited company, represented by one of its directors, Mr S, has complained about its vehicle insurer, AXA Insurance UK Plc. Mr S thinks AXA has applied an unfair, low market value to J's van destroyed in a fire.

## **What happened**

J's van was destroyed in a fire. AXA began considering a claim for it. It took about a month to review the van. It then said it felt the fair market value was £2,200 which it would pay less the policy excess. But it would be paid on a without prejudice basis as it still had forensic checks to complete. Mr S was not prepared to accept the settlement and he complained.

Mr S said he couldn't replace the van for that sum, that they don't make vans with that kind of engine anymore, so any available with that type of engine sell for a premium. AXA invited him to provide examples of van for sale but Mr S didn't provide anything. Regarding the forensic checks AXA had referenced, which Mr S said had caused him worry, AXA said that was standard procedure in a claim like this. It apologised for any worry caused. AXA acknowledge a delay at the start of the claim – taking a month to inspect the van. It said it would, upon receipt of J's bank account details, pay £125 compensation.

As Mr S remained unhappy, he complained to the Financial Ombudsman Service.

Our Investigator considered the detail AXA had provided. He noted it had based its market value on market research and asked it to share such. In the meantime he checked the available motor valuation guide for this vehicle (a commercial vehicle, over twenty years old and having done in excess of 100,000 miles). He noted the guide returned a value of £1,131. As AXA's market value was far in excess of that sum, and Mr S hadn't provided any evidence to show what he felt a fair market value would be, he was satisfied the sum applied by AXA was reasonable. He felt the compensation it had awarded, on account of the poor service, was reasonable too.

Mr S then provided some detail about the price some classic vans have sold for. He sent a photo of another van with a caption saying it had recently been sold, above its asking price, for £7,992. Our Investigator considered this additional detail. But he wasn't persuaded by it to change his view. He noted particularly that the vans detailed in the examples presented by Mr S weren't like J's van, which AXA had applied a market value to of £2,200.

The complaint was referred for an Ombudsman's 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.

I can see that Mr S clearly holds the van J had (a 2006 model) in high esteem. I appreciate that he feels it will be difficult to find a replacement like that van – especially for the value applied by AXA. However, given the age of the vehicle, and the fact that the manufacturer now uses a different engine in newer models, I don't think the difficulties in replacing the van with something similar are necessarily due to the market value AXA has applied.

I know Mr S thought it would be useful to show what classic vans have sold for. And even that he'd found one old (rather than a classic) van, which had sold for more than its asking price. With the asking and actual sale price being far more than the market value applied by AXA. But J's van was not a classic, and even the van which Mr S says sold for more than its asking price, was not of the same year as J's. So these prices can't be viewed as offering reliable indicators of what a fair and reasonable market value for J's van is.

Ideally AXA would have presented to this Service – without the need for our Investigator to ask for it – the evidence it had used to reach its market value. However, our Investigator makes a good point – its sum is greater than that returned by the available valuation guides.

This Service expects an insurer, when applying a market value, to use the highest of any values returned by the available guides as a starting point. We find that is a fair place to start given the guides base their data on a lot of sales information. So, if only guide valuations were available, and the insurer applied a market value based on the highest of those sums, we'd likely find that was fair. If an insurer wanted to pay less than the highest sum, it would have to support that in evidence. Here AXA did not seek to pay less than the highest guide value. AXA said it would pay more and Mr S didn't provide any persuasive evidence to show why that increased sum was not fair or reasonable.

Taking everything into account, I'm satisfied that AXA applied a fair and reasonable market value when assessing J's claim. I'm not going to require it to pay anything more. As AXA said, if J provides its bank details, the payment can be made.

I'm also satisfied that AXA fairly acknowledged that it has caused delays at the outset of the claim. It should not have taken it a month to assess the van. It was reasonable for it to offer settlement on a without prejudice basis whilst completing forensic checks. I appreciate Mr S was concerned about that – but that was part and parcel of AXA reasonably handling this type of claim. For the inconvenience J likely experienced due to the delay, including with Mr S having to chase for updates, I'm satisfied that £125 compensation is fair and reasonable, and that AXA would have paid this already had Mr S given it the details it requested to do so. If he wants payment to be made, J's details should be provided to AXA.

### **My final decision**

AXA did fail J at the start of the claim. For the reasons set out above I'm not requiring it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 27 May 2025.

Fiona Robinson  
**Ombudsman**