DRN-5517594

The complaint

Mr G has complained about the total loss settlement U K Insurance Limited trading as Churchill Insurance policies (UKI) made to settle a claim under his car insurance policy.

Mr G is being represented in his complaint by Ms B.

What happened

Mr G was involved in an incident with a third party vehicle. UKI appointed an engineer to assess the damage to Mr G's car. The costs to repair Mr G's car made it uneconomical for UKI to do so. The engineer valued his car at £895 as a starting point. They then made a deduction for pre-existing damage. The final settlement came to £350, with UKI deducting £100 as the excess payable under the claim. This meant UKI paid £250 to Mr G.

Mr G didn't agree with the valuation. UKI didn't uphold his complaint. So Mr G brought his complaint to us.

One of our Investigators didn't recommend the complaint should be upheld. She found UKI had reached its valuation reasonably and in line with the policy.

Ms B on Mr G's behalf doesn't agree and wants an ombudsman to decide.

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.

When deciding on valuation complaints, we look at what the policy says, our approach and whether the insurer has acted reasonably.

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

> *"The cost of replacing your car with another of the same make and model, and of a similar age, mileage, and condition at the time of the accident or loss."*

Our approach is to rely on the main motor trade guides as they can provide average valuations for a car of the same make, model, age, specification, condition and mileage based on likely selling prices for the month of loss. But sometimes the guides don't produce a valuation for various reasons. In this case, due to the age of Mr G's car being approximately 23 years old at the time of loss, the guides didn't provide a valuation.

Where no guide valuations are available, we consider other evidence such as adverts of similar cars for sale. UKI was able to find an advert for one similar car to Mr G's. However, this car had over 50,000 fewer miles and was in better condition than Mr G's car. The car was up for sale for £895.

Mr G says his car had no pre-existing damage before the incident. He believes his car is worth between £900 and £1,000.

I've looked at the photos of Mr G's car taken by the engineer. They doesn't support what Mr G says. The condition of Mr G's car is inferior to a car of that age with reasonable signs of wear and tear. There is damage to the rear and front bumper areas of his car – outside of the incident related impact area of damage.

Mr G's car was a previous total loss. I understand Mr G says he didn't know this – and in any event he doesn't believe it makes a difference. But it does. And the fact that Mr G was unaware of the car's history doesn't mean UKI has done anything wrong in identifying this. A car's condition, mileage and history all affect what it is worth on the open market.

The engineer made a deduction from the starting point valuation of £895 for pre-existing damage, so damage not related to the incident. Pre-existing damage isn't something UKI is responsible for repairing. No deduction was taken for the car being a previous total loss.

Although the deduction taken for pre -existing damage meant the value of Mr G's car was below the minimum trade-in value, the engineer uplifted the value to £350. After deducting the excess payable, UKI paid Mr G £250.

Ms B has provided examples of similar cars for sale online. I've carefully considered these. They vary widely in price for the age, mileage and condition compared to Mr G's car. They don't persuade me that UKI has reached its settlement unreasonably. I think the example it used – for a similar car but in better condition and less miles than Mr G's – was fair and reasonable.

I understand Mr G will be very disappointed with my decision. But taking everything into account, I find UKI has acted in a fair way and in line with the policy. So I'm not asking it to increase the valuation.

Mr G says he wants UKI to either pay a higher market value settlement or refund his premium under the policy. As UKI has met its obligations under the policy by dealing with a claim, the full year's premium is due. So Mr G isn't entitled to a refund of the premium.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 August 2025.

Geraldine Newbold
Ombudsman