

The complaint

Mr A is complaining about the way Wakam handled a claim he made on his commercial vehicle insurance policy.

What happened

In February 2024 Mr A was involved in an accident where he crashed into a stationary car. So he contacted Wakam – through his broker – to claim for the damage against his commercial vehicle insurance policy. Wakam declared Mr A's car a total loss and said it would settle the claim by paying him the car's market value less his excess. It initially valued the car at £7,700, but later increased this to £8,500 after Mr A provided an independent report which he says suggests the car was worth £9,700.

Mr A is unhappy with the way Wakam has handled his claim. In summary he's raised the following:

- Wakam significantly undervalued his vehicle.
- Wakam didn't pay him anything for the claim so he had to hire another vehicle at a cost of £100 per week to continue working as a taxi driver.
- He made a Data Subject Access Request (DSAR) but Wakam didn't respond to it.
- Wakam frequently didn't respond to his emails.
- He'd had to pay £180 for an independent report.

Wakam upheld his complaint and said it would pay him £100 in compensation. It also said it would consider the hire charges Mr A incurred if he provided evidence he'd incurred this. Finally it said it would pay £100 towards the independent report.

Mr A still didn't think this was fair so he referred his complaint to this Service. Since doing so, Wakam agreed to increase the car's value to £9,700 and pay the full £180 fee Mr A paid for the independent report. It also acknowledged it should have at least offered to pay Mr A an interim payment while the valuation was in dispute. So it agreed to pay 8% simple interest on the £7,700 it initially valued the vehicle at. Mr A still didn't think this was fair as he said Wakam still hadn't paid his hire charges and he was seeking over £1,000 in compensation.

The Investigator didn't think Wakam needed to pay anything further. He said the evidence suggested Wakam's initial valuation of £7,700 was a fair valuation. So he thought Wakam had agreed to pay around £2,000 more than it needed to for Mr A's vehicle. The Investigator thought Wakam had caused numerous delays – in particular it should have offered to make an interim payment at the start of the valuation dispute. But he acknowledged Wakam had agreed to pay any hire charges Mr A had said he'd incurred in this time. So he thought that was fair. He recognised Wakam had caused Mr A some distress and inconvenience, but, given he thought it had paid around £2,000 more than it needed to on the claim, he didn't think it needed to pay anything further.

Mr A didn't agree with the Investigator and asked for an ombudsman to review his complaint.

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 should first set out that I acknowledge I've summarised Mr A's complaint in a lot less detail than he's presented it. Mr A has raised a number of reasons about why he's unhappy with the way Wakam has handled this matter. I've not commented on each and every point he's raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure Mr A and Wakam, however, that I have read and considered everything they've provided.

Valuation of the vehicle

This service's role isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of a policy correctly and valued the vehicle fairly. Under the terms of Mr A's policy, Wakam has to pay him the market value of the car, less his excess.

Wakam initially valued Mr A's car at £7,700. It valued this by reviewing an industry valuation guide. Mr A didn't think this valuation was fair and arranged for another engineer to value the car, who estimated its value to be around £9,700.

It's standard practice for the industry to use valuation guides to work out the estimated market value of a car. And it's not unreasonable that it does so. The valuation the guides give are based on the advertised prices of similar cars with similar age and mileage for sale at the time of loss. The guides also give an option to adjust the car's value to take into account the car's mileage and any enhanced specifications a car may have.

Where valuation guides provide a wide range of values, we'd compare the insurer's valuation against the highest values given by the guides, unless there is something to suggest those given aren't a fair reflection of the amount similar cars sell for on the open market.

In this case, this Service has obtained valuations from four separate companies which gave a range of between around £6,550 to £8,000. Wakam's initial valuation was close to the highest valuation guide so it wasn't a wholly unreasonable valuation. Mr A has highlighted his car had a high specification, but the guides took this into account and I'm satisfied they were a fair reflection of the car's value.

I've considered the independent report Mr A provided, but I don't find it persuasive. I note the engineer initially followed the same process as Wakam by using the same valuation guide Wakam did – which provided a similar valuation – but he's added £2,200 for an "other adjustment", but he's given no material explanation for why he did this.

I recognise Mr A said he couldn't replace the car for the initial amount Wakam valued the car at. But it needs to be noted that his car had travelled a significant number of miles – over 156,000 miles – which has had a significant impact on the car's valuation. I think it's *most* likely that there would have been very few cars (if any) of the same mileage. And this is likely to be the primary reason Mr A couldn't replace the car. But this doesn't mean £7,700 wasn't a fair reflection of the car's market value. So I think Wakam has been very fair in agreeing to increase the valuation to £9,700 as I wouldn't have required it to do so. It follows, therefore, that I think Wakam paid around £2,000 more for the car than it needed to.

Customer Service

While I think Wakam's initial handling of the valuation was more than fair, I think it's general handling of the claim and Mr A's dispute was poor. In particular, I've noted the following:

- There were several examples of Mr A trying to contact Wakam to dispute the valuation and weeks would go past without it replying.
- Wakam should have offered to pay Mr A £7,700 as an interim payment and explained this wouldn't impact his dispute, but it didn't do so. It ultimately took eight months to settle the claim. Mr A has said he's had to pay to hire a car because of this, and I think this is a direct result of Wakam not making an interim payment.
- Wakam has repeatedly failed to acknowledge Mr A's request for a DSAR.

Wakam has agreed to refund the amount Mr A has said he's paid for the hire charges. But I also don't think it's unfair it's asked Mr A to evidence he's paid these charges. I note Mr A has provided an invoice, but they're not on a letter headed paper. So I don't think it's unreasonable that Wakam has asked Mr A to provide proof he's paid this. However, I do think Wakam should refund these costs if Mr A can evidence he's paid it – such as through bank receipts or provision of a tax return including the costs incurred.

Wakam has also since agreed to pay 8% simple interest on the £7,700 it initially said it would pay from its settlement date until it made the payment. Mr A has said he thinks the simple interest should be on the £9,700. But, given I don't think it needed to pay that, I think it's fair it's paid on the £7,700.

I do think Wakam could have minimised the distress and inconvenience it caused Mr A by responding to him quicker than it did and by making the interim payment. Generally I wouldn't fairly conclude £100 is fair compensation for this. But, given I think Wakam paid around £2,000 more than it needed to on the claim, I don't think it needs to pay anything further for this.

Finally, I note Mr A since referring his complaint to this Service, Mr A has raised an issue with the condition of the car when it was returned to him after he bought back the salvage – i.e. an issue with one of the tyres. But he hadn't raised this with Wakam before he brought the complaint to this Service. And under our rules Wakam has to be given the opportunity to put things right before this Service can become involved. So he'll need to raise this with Wakam directly first. If he's not happy with the way Wakam resolves this, he can raise a new complaint with this Service.

My final decision

For the reasons I've set out above, I think Wakam's latest offer to put things right is fair. So I require it to do the following to put things right:

1. Pay Mr A the amount he paid to hire a car during the time Wakam didn't pay the claim settlement. But Wakam is entitled to require proof that Mr A paid this.
2. Refund the £180 Mr A paid for the independent report.
3. Pay 8% simple interest on £7,700 from 28 March 2024 to the date a settlement was paid on 10 October 2024. If Wakam thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax if appropriate.
4. Pay £100 in compensation for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 July 2025.

Guy Mitchell
Ombudsman