

The complaint

Mr R and Mrs R complain Acromas Insurance Company Limited (Acromas) unfairly settled Mrs R's claim on her motor insurance policy after his car was classed as a total loss. And it incorrectly told them the car was able to be inspected by the main dealer.

Reference to Mr R, or Mrs R, will include the other.

Acromas are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the broker. As Acromas have accepted it is accountable for the actions of the broker, in my decision, any reference to Acromas includes the actions of the broker.

What happened

Mrs R made a claim on her motor insurance policy after her car was burnt out in a fire.

The car was deemed a total loss and Acromas made a settlement offer of £6,871.50 less the policy excess. They weren't happy with the settlement offer. They felt the value placed on the car was too low.

Because Mr R and Mrs R were not happy with Acromas, they brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said Acromas should increase its settlement offer to £8,180 which was the highest of the four valuations they had obtained. They said 8% simple interest should also be added from the date the initial settlement amount was paid, to the date the increase recommended is paid. They also said it should consider additional evidence, other than receipts to support their claim for contents in the car. They recommended Acromas increase the compensation awarded from £100 to £200 for the distress and inconvenience caused due to it sending them an email that suggested the car would be able to be inspected by the main dealer.

As both Acromas and Mrs R are unhappy with some aspects of our investigator's view the complaint has been brought to me for a final decision to be made.

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.

Valuation

I have considered whether Acromas acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mrs R following the write-off of her car.

My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the terms and conditions within Mrs R's motor insurance policy. It says;
"Market Value

The cost of replacing your vehicle with a vehicle of the same make, model, specification, age, mileage and condition as your vehicle was immediately before the loss or damage you are claiming for.

Where we are unable to estimate the market value of your vehicle we will use the nearest market equivalent for comparison."

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use valuation guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor valuation guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

Prices of used cars can change on a regular basis. This could be an increase or decrease. This is the reason why we take the approach that if Acromas can demonstrate, that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

I looked at the information Acromas used when calculating the market value for Mrs R's car. I saw it obtained valuations from four of the main valuation guides. It said two of its valuations were outliers of the median – i.e. one was considerably lower and one considerably higher. So it took the average of all four rather than just the two non-outliers which gave it the settlement offered at £6871.50. I saw this amount, less the policy excess was paid to Mrs R on 21 January 2025.

I looked at the valuations our investigator obtained. They also used four of the main valuation guides, of which were the same as used by Acromas. The highest of these four valuations was £8,180 and the lowest was £5,625.

Where a valuation is significantly higher, or lower, than the other guides, we wouldn't automatically discount them unless there was something to suggest they're wrong. Based on the valuations obtained and the advertisements provided in the valuations, I don't think the settlement amount paid for Mrs R's car is fair in this case,

The valuations showed a range of values and I'm satisfied that going by the highest valuation of £8,180 it is a fair market value settlement offer and will ensure Mrs R has received a fair offer, allowing her to replace her car with one of a similar make, model and specification. I therefore require Acromas to increase its settlement offer to £8,180.

Personal belongings

A number of personal items from inside the car were destroyed in the fire.

I looked at the terms and conditions of the policy and it says;
"Personal belongings cover – We'll provide up to £1,000 for items carried in your car, such as phones, laptops, glasses and clothing (up to £1,500 for motorhomes –other limits apply depending on the item, see Schedule for details)."

Acromas initially offered £345.99 for items of which Mrs R provided a receipt, plus a £100 gesture of goodwill. It then increased its gesture of goodwill to £300 and offered £545.99. It said if *receipts* were provided for other items, it would consider them.

It is reasonable for an insurer to ask for proof of ownership of anything that is being claimed for. I have considered Acromas's £300 gesture of goodwill which covers for items without any proof of ownership, and I am satisfied it was fair. However, as I don't think it reasonable that Mrs R would have receipts for all the belongings, other evidence should be considered as proof of ownership such as bank statements, delivery notes, photographs etc.

Acromas have accepted alternative evidence of proof of ownership will be considered. I understand Mrs R has provided more evidence and Acromas said it will contact her and confirm settlement of the evidence received to date. I think this is a fair outcome.

Disposal of the car

On 13 February 2025 approximately one month after the fire which destroyed the car, the main dealer contacted Acromas to advise there was a claim on the car for a manufacturing defect. They requested the car wasn't disposed of because they wanted to undertake an inspection. It isn't clear why the main dealer didn't contact Acromas prior to this date to request disposal was delayed. I think there was opportunity for the main dealer to request an inspection sooner than it did.

I saw on 19 February 2025 Acromas contacted Mrs R to obtain her permission for the inspection by the main dealer, of which she readily agreed to. On 26 February 2025 it contacted the main dealer and agreed to the inspection, but on 5 March 2025 it realised it had already disposed of the car. I didn't see evidence of Acromas ignoring emails from the main dealer.

Acromas accepted it had made a mistake in its communication with Mrs R and the main dealer. It said its process is to arrange disposal of a vehicle once settlement is made. I saw when discussing the total loss process with Mrs R on 17 January 2025, it told her it arranges for disposal of the car.

In this case authorisation to dispose of Mrs R's car had been given on 7 February 2025 because settlement of the claim had been made in January 2025, which was in line with its process. And the car was actually disposed of on 18 February 2025. It apologised for its oversight and offered £100 compensation for the inconvenience this would have caused.

I recognise Mr R and Mrs R now think it may have been more beneficial to progress a claim through the main dealer; however they asked Acromas to progress the claim, and it did this as per its usual claim process. I think as Mrs R had been in touch with the main dealer about a potential electrical fault, she should have notified Acromas of this sooner than she did. I haven't seen evidence this was brought to Acromas's attention until the main dealer got in touch on 17 February 2025 which was after the claim had been settled by Acromas.

I agree Acromas caused confusion when it provided incorrect information to both Mrs R and the main dealer regarding the situation with the car, however because Mrs R had dealt with Acromas to handle the claim, the car technically belonged to it as it had settled the claim (although the valuation amount was still in dispute).

Taking into account Acromas made more than one error regarding the situation with disposal of the damaged car which meant a loss of expectation, I think Acromas's offer should be increased to £300.

Therefore, I uphold Mrs R's complaint.

Putting things right

I require Acromas to increase its settlement offer to the highest valuation of £8,180. It should also add 8% simple interest from the date the initial settlement amount was paid to the date of final settlement. It should also increase its offer of compensation to total £300. Less anything already paid.

My final decision

For the reasons I have given I uphold this complaint.

I require Acromas Insurance Company Limited to:

- Increase the settlement offer for Mrs R's car to £8,180. This means an amount of £1,308.50 should be paid. It should pay 8% simple interest on this amount from the date the initial settlement was paid to the date of final settlement.
- Increase its offer of compensation to a total of £300. Less anything already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 29 September 2025.

Sally-Ann Harding
Ombudsman