

The complaint

Mr A complains Acromas Insurance Company Limited (Acromas) unfairly settled his claim on his motor insurance policy after his car was stolen.

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

What happened

Mr A made a claim on his motor insurance policy after his car was stolen.

Acromas made Mr A a settlement offer of £49,597 less the policy excess.

Mr A was not happy with the settlement amount. He said he had only owned the car for a short period of time, plus it had been fitted with a panoramic sunroof that affected the purchase price, so he felt it was worth more than Acromas's settlement offer. Although Mr A disputed this amount it was paid to him as an interim payment whilst its complaints department looked into the matter. After looking into the amount offered Acromas didn't uphold his complaint.

Because Mr A was not happy with Acromas, he 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 £50,758 which was the highest of the four valuations they had obtained, less any policy excess. They said 8% simple interest should also be added from the date the initial settlement amount was paid to the date of final settlement.

As Acromas is unhappy with 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.

In this case I have considered whether Acromas acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr A following the theft of his car.

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

Mr A said he presumed the insurance premium he paid was based on the value of the car as bought and therefore felt he should be receiving a higher settlement figure. I saw the details within Mr A's motor insurance policy 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.”

This means that Mr A's understanding of valuation wasn't correct, and the valuation is calculated at the date of loss rather than as bought.

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.

I saw Mr A thinks the valuation paid to him by Acromas should be higher because the car included a panoramic sunroof, which he said on a new car would cost £2,650.

I looked at the information Acromas used when calculating the market value for Mr A's car. I saw it obtained valuations from four of the main valuation guides. The highest of these four valuations was £50,447 and the lowest was £48,758. In this case Acromas offered £49,597 which is the average of these four guides. Its valuation report recorded “*Options fitted - unknown*”.

I looked at the valuations our investigator obtained. They also used four valuation guides. The highest of these four valuations was £50,358 and the lowest was £49,250. These valuations included consideration of the panoramic sunroof at the time of loss.

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.

In this case the valuations obtained by Acromas didn't include any additional extras. Our investigator obtained a separate valuation of the panoramic sunroof at the date of loss. This was £2,000. However because different valuation guides carry out their calculations in different ways, including the panoramic sunroof didn't make any difference to three of the four valuations, but was calculated separately as £2,000 by one of the guides. In this case this means the valuation of £48,758 obtained by Acromas should be increased by £2,000 to £50,758 to take into account the panoramic sunroof. This would make it Acromas's highest valuation by a small amount.

I do not think the settlement amount paid for Mr A's car is fair in this case. Firstly because it has paid the average of the four valuations obtained and not the highest, and also it hasn't made consideration for the additional extra of the panoramic sunroof. We expect insurers to pay the highest of the valuation guides to ensure the consumer has received a fair offer, allowing them to replace their car with one of a similar make, model and specification, unless they are able to provide us with evidence which supports a lower valuation. In this case I've not seen any evidence that supports a lower valuation.

Therefore, I uphold Mr A's complaint and require Acromas to increase its total loss settlement to that of the highest valuation.

Putting things right

I require Acromas to increase its settlement offer to the highest valuation of £50,758 less the policy excess. It should also add 8% simple interest from the date the initial settlement amount was paid to the date of final settlement.

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 Mr A's car to £50,758, less the policy excess. This means an increase of £1,161 should be paid. It should also pay 8% simple interest on this amount from the date the initial settlement was paid to the date of final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 July 2025.

**Sally-Ann Harding
Ombudsman**