

The complaint

Mrs P has complained about the total loss settlement First Central Underwriting Limited paid her – and the delay it caused in settling her claim under her car insurance policy.

What happened

In October 2024 Mrs P made a claim for damage to her car to her insurer, First Central. An engineer on First Central's behalf said it wasn't economical to repair Mrs P's car. So in November 2024, in line with the policy, First Central said it would pay the market value of Mrs P's car to her, minus the excess.

Mrs P complained to First Central about the valuation as she was said it was too low. And she was unhappy First Central failed to respond to emails she sent in November and December 2024. Mrs P hadn't received an interim payment to help her buy a replacement car.

In December 2024 First Central said the valuation it reached was correct. But it apologised for the poor service it provided and paid Mrs P £75 compensation. It paid interest on the market value settlement for the delay it caused in issuing the payment of 38 days.

Mrs P remained unhappy and asked us to look at her complaint. First Central offered to increase the compensation payment by a further £100, to £175 in total for the distress and inconvenience caused by its delay and poor service.

First Central maintained its view that the valuation it had reached was fair.

Mrs P didn't accept First Central's offer. One of our Investigators checked the guides along with advert examples provided by both parties. He thought First Central should have paid the highest of the available guides as it hadn't shown that it was fair to pay less than this.

So he recommended First Central increase the market value settlement sum by £200, pay interest on the difference and pay Mrs P a further £100 compensation for the distress and inconvenience caused.

Mrs P acknowledged the Investigator's view. First Central didn't respond. So the case has been passed to me 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 we look at valuation complaints, we see if an insurer has reached its valuation reasonably and in line with the policy. First Central says the most it will pay in the event of a claim is the market value at the time of loss. The policy defines the term 'market value' as;

"The cost of replacing your car with one of a similar make, model, age, mileage and condition based on market prices at the time of the accident or loss. This may not be

the same price you originally paid for your car or the value you declared on the Statement of Fact.”

We find a reliable way of reaching a fair valuation is by looking at the main motor trade guides. They provide a ‘retail transacted’ valuation which is an average of what a customer might pay a retail garage for a car similar to theirs. The guides are based on likely selling prices for a similar car to Mrs P’s in the month of loss.

First Central provided valuations from the guides which ranged from £3,440 to £4,300. It decided to pay £4,100 which it said was above the average of the guides.

First Central provided an example advert for a similar car. This was for sale for more than £4,100. So I don’t find that First Central has shown that by paying less than the highest of the guides, this was a fair outcome for Mrs P.

I’ve looked at the examples Mrs P has provided. The example closest in mileage to Mrs P’s car - which is higher than the other adverts - is one of the higher priced cars. So I don’t find the examples persuasive enough to carry more weight than the highest of the guides.

First Central should have paid Mrs P an interim payment when it replied to her concerns about the market value on 4 November 2024. But it didn’t do this. I can see that First Central paid interest on the sum of £3,800 (£4,100 – the excess). And it paid £75 compensation for the distress and inconvenience caused.

Putting things right

I think First Central failed to deal promptly with Mrs P’s claim by paying her the market value on 4 November 2024. And I think it caused further distress and inconvenience in failing to respond to Mrs P’s emails dated 5 November 2024 and 2 December 2024.

So I think a fair outcome is for First Central to increase the market value by £200, in line with the highest of the motor trade guides. It should pay interest on this amount from 4 November 2024 to the date of payment as Mrs P has been without these funds for this period of time. And it should pay a further £100 compensation for the distress and inconvenience it caused by its poor service.

My final decision

My final decision is that I uphold this complaint. I require First Central Underwriting Limited to do the following:

- Pay an additional £200 to reflect a fair market value settlement for Mrs P’s car.
- Pay interest on this amount from 4 November 2024 to the date it pays at a rate of 8% simple interest a year.
- Pay Mrs P £100 compensation in addition to the £75 already paid for the distress and inconvenience caused.

First Central Underwriting Limited must pay the compensation within 28 days of the date on which we tell it Mrs P accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If First Central Underwriting Limited considers that it’s required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs P how much it’s taken off. It should also give Mrs P a tax deduction certificate if she asks for one, so she can reclaim the

tax from HM Revenue & Customs if appropriate.

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

Geraldine Newbold
Ombudsman