

The complaint

Mr G complains that One Insurance Limited (“One”) undervalued his car and deducted too much for its salvage following a claim under his car insurance policy.

What happened

Mr G had a motor insurance policy with One covering his car.

In early 2024 he was involved in a collision causing damage to his car. He contacted One and made a claim.

One declined his claim and cancelled his policy as he’d not disclosed modifications. It said it would pay Mr G £300 compensation due to delays in his claim.

He made a complaint that reached this service. An investigator looked into it and thought Mr G hadn’t reasonably been aware of the modifications. He said One should cover the claim, adding interest to the settlement figure, remove details of the cancellation from Mr G’s records and pay him a further £200 compensation. Both parties accepted the view.

One then said it would pay Mr G £5,580 for his car. Mr G didn’t think this was high enough and he thought his car was worth £7,300.

Mr G wanted to retain his car. One said it would deduct 50% of the car’s value, so he could keep the salvage and receive half of the valuation. Mr G didn’t think this salvage deduction was fair.

He complained about these two values, and that because One took some time to settle his claim, he’d had to take out a loan to buy a replacement car. He asked that One cover his loan costs of about £250 for each month it’d delayed payment of his claim.

One didn’t uphold his complaint, so Mr G brought it to this service. He also mentioned he’d had to pay £180 of recovery costs, but One hadn’t responded to his complaint about this. One later waived this charge, which I think is fair and I’m not going to consider this further.

He asks for a fair valuation for his car and the salvage he retained.

Our investigator looked into his complaint and thought it would be upheld. He said he thought One should increase its valuation to £6,145, adding interest at 8% simple from the date it made payments. He also thought the salvage deduction of 50% wasn’t fair and it should be 27%. And he thought One should pay Mr G’s loan payments plus interest at 8% simple, subject to suitable evidence from Mr G. Compensation of £200 should also be paid.

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’m upholding Mr G’s complaint. For ease, I’ll deal with the various parts of it in turn:

Valuation & Salvage

One's policy wording says it will settle Mr G's claim by using his car's market value, which is defined as:

"how much it costs to replace your car with another that is a similar make, model or has the same features. This depends on how old your car is, how many miles it has done, and its condition (paint work, mechanics, rust and so on)."

The approach of this service is to use trade guides to arrive at a valuation for the car. I've looked into four of these trade guides and I can see the following values:

Trade Guide A £5,575

Trade Guide B £5,580

Trade Guide C £6,145

Trade Guide D £5,704

It's the approach of this service that the highest value from the trade guides is used as the market value for Mr G's claim. If either party doesn't agree with that valuation, then it needs to provide evidence why.

I've mentioned above that Mr G thought his car should be valued nearer to £7,300. But I can't see that he's provided further evidence of why he thinks this value is correct.

One has said it thinks the value is too high. It provided adverts to show other examples in the market were priced lower than £6,145. If One doesn't agree with the proposed valuation, it needs to show evidence why. And from the file I have, it hasn't done this. What it has said is that it regards £6,145 as something of an outlier, as it's higher than the other trade values.

But I don't think One has shown evidence of why Mr G's car shouldn't be valued at this figure.

So, I think One needs to settle his claim at a market value of £6,145 subject to the remaining policy terms and conditions.

One and Mr G agreed that Mr G would retain the salvage, and I can see that both parties agreed after the view that the salvage deduction would be 27%. So this can be deducted from the market value.

Interest at 8% simple should be added to the final settlement figure from one month after the collision happened, to the date One makes this payment. If interim payments have been made, then they can be deducted and interest adjusted accordingly.

Loan payments

Mr G complained to One about his loan payments on 10 December 2024 (and the recovery costs), which was after the view was issued and accepted in Mr G's earlier complaint. So this element of his complaint hasn't been looked at by this service before.

He asks that One pays his monthly loan amounts because he says he had to take out a loan for another car.

I asked Mr G whether he'd been able to use other forms of transport to keep himself mobile

after One unfairly rejected his claim. He told me that his car wasn't driveable due to the damage, One withdrew its hire car when his car was written off, he'd used his savings to help partially pay for the replacement car, and he estimated the costs of public transport and taxis to be around £250 per month to replace his family's use of the car.

I checked with Mr G and One whether he'd been offered or paid interim payments under his claim. Mr G said he'd asked for this to happen early on in his claim, but One wouldn't offer him it. One didn't respond to my enquiry.

I've thought carefully about this. I've said above that One accepted the earlier view that it'd unreasonably rejected Mr G's claim.

So, it seems to me that it now needs to pay Mr G's reasonable additional costs he'd incurred caused by that unreasonable rejection and the subsequent delays. And I think the appropriate amount should be set at Mr G's loan repayment amount, from a period one month after he was told his car would be written off (or the date his first payment under his loan was made, whichever is the later). Interest at 8% simple should be added, from the date he made each payment to the date One makes this payment. Mr G will likely need to provide suitable proof of these to One and I'd ask that the parties now liaise with some urgency given the passage of time on this claim.

Distress and inconvenience

I've also considered Mr G's distress and inconvenience during his claim. He's talked about his loss of confidence in One and the financial worry he's been caused. I can see he's accepted the view which said he should be paid a further £200 compensation for this. I think this amount is fair.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint. I direct One Insurance Limited to:

- Settle Mr G's claim at a market value of £6,145, subject to the remaining terms and conditions of the policy. Use a salvage figure of 27% to adjust the amount paid accordingly. Interest at 8% simple should be added to this final figure, from when One told Mr G his car would be written off, to the date it makes this payment.
- Pay Mr G's monthly loan repayments, from the time he purchased his replacement car to the date it makes this payment, adding interest to the monthly payments from when they were paid to the date One makes this payment.
- Pay Mr G further compensation of £200 for his distress and inconvenience caused by its claims handling.

If One Insurance Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

One Insurance Limited must pay the amount within 28 days of the date on which we tell it Mr G accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 6 August 2025.

Richard Sowden
Ombudsman