DRN-5640850

The complaint

Mr G has complained his insurer, Acromas Insurance Company Limited, didn't pay a fair settlement for his car under his motor insurance policy following an accident.

What happened

Mr G was involved in a road accident in February 2025. He made a claim to Acromas, who agreed with him that the claim wasn't his fault – and told him the car was a total loss. Acromas valued his car at £5,577, saying this was in accordance with industry recognised valuation tools.

Mr G agreed to an interim payment of the amount Acromas settled at but didn't agree with their valuation and said his car was worth significantly more.

Mr G complained to Acromas who said that their settlement was based on valuations provided by trade guides. And was an average of the amounts in the guides.

Mr G didn't agree and brought his complaint to our Service. He submitted several adverts showing higher prices than any of the guides Acromas produced. He said his car was in very good condition and had all factory supplied optional extras. And that these cars are now acquiring classic status and are strongly sought after on the used car market. He said he's been approached on several occasions in recent years by people offering to buy his car at prices considerably in excess of the valuation that was offered.

He said Acromas didn't:

- Give him the option of providing evidence of the true replacement costs.
- Discuss a possible scrap value purchase package.
- Update him with the progress of his claim.
- Repay him his premiums for the current year following cancellation in March 2025.

As a resolution, Mr G said he wants Acromas to pay the balance of his valuation and refund the balance of his insurance premiums.

One of our Investigators reviewed the complaint and thought it should be upheld. He said that £5,950 was a fair and reasonable valuation in the circumstances.

Acromas disagreed and maintained that they paid a fair amount for Mr G's car. They said:

- Not all the guides work in the same way – two of them use sold data while the other two use advertised and auction prices.
- They take the approach that the fairest way to value a customer's car is to use the sold data guides to establish reliable and unequivocal sold prices.
- Advertised prices often include a markup for negotiation. Accepting our Service's position that these are now less than they have been historically, there is still a difference, and this should be considered.
- The valuation guides have all produced relatively similar values.

- We should consider whether the increase from £5,577 to £5,950 can be justified in line with our own guidance. The difference the Investigator asked Acromas to pay is £373 and they don't agree there's a significant difference to justify an increase to the highest guide.

The complaint couldn't be resolved and Acromas asked for an ombudsman's decision.

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.

Our Service doesn't value cars. Instead, we check to see that an insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant valuation guides. We generally find these persuasive as they're based on nationwide research of sales prices.

Mr G's policy includes cover in the event his car is damaged in an accident. It says the most Acromas will pay is the market value of the car. And the policy defines 'market value' as the cost of replacing Mr G's vehicle with a vehicle of the same make, model, specification, age, mileage and condition as his vehicle was immediately before the loss or damage he's claiming for.

It says that where they're unable to estimate the market value of Mr G's vehicle they will use the nearest market equivalent for comparison.

Acromas needs to effectively show their valuation is enough to allow Mr G to purchase a replacement car. That doesn't necessarily mean they need to offer the highest valuation available. But if their valuation is lower than the highest valuation returned from the guides we look at, they would need to evidence this is fair.

Acromas used three motor guides which produced values of £5,222, £5,559, and £5,950 respectively. A fourth guide did not return any results due to the car's age. I'm satisfied it was reasonable for them to rely on the information in the guides they obtained – and I don't need to rely on our own results from the guides. £5,950 is clearly the highest valuation from the set obtained by Acromas.

Acromas has offered £5,577 for Mr G's car. This is an average amount based on the three guides they got values from. As Acromas will be aware, our approach to valuation complaints like Mr G's has evolved in recent years. Acromas haven't supplied us with supplementary evidence to justify the lower value they've offered. Because they haven't provided anything to show me that Mr G could replace his vehicle with a valuation in line with the lower guides, to avoid any detriment to Mr G, the highest valuation produced by the guides is my starting point.

I understand Mr G also believes the guide price is too low and he provided five adverts which I have considered. Four adverts were for cars that had significantly lower mileage than Mr G's did at the time of the accident and I didn't find these were as persuasive as the motor trade guides.

There was one advert of a car with similar mileage to Mr G's car but was a model from five years earlier. It had an asking price of £9,200. Being an older model priced at over £3,000 more may imply that the market value for Mr G's car could be higher than the highest guide suggests. But I don't think this one advert in isolation is representative of the market more generally.

I also looked at the market. Although it's now about eight months since the incident, there are a range of prices for cars like Mr G's which include several examples of around the guide valuation. I think it's more-than-likely there were a range of prices it was possible to buy a similar car for at around the time of the incident too. And Mr G hasn't explained why his car should be aligned with the ones for sale at a higher price, like in the advert above, rather than the lower priced ones.

I've also thought about Mr G being approached and offered a higher amount for his car. I don't doubt this happened, but I don't think it shows that he couldn't have bought a similar one for the highest amount in the guides. And I think that the value our Investigator recommended is still the most fair and reasonable one in the circumstances.

I appreciate Acromas has made some broader points about our approach to valuation complaints, but I'm not going to respond to those here. We consider each complaint on its own merit. And I can't comment on the other cases that come to our Service other than to say that I think it's fair to consider a consistent approach to valuations when looking at whether Acromas paid a fair value for Mr G's car. I'm satisfied in this case the evidence supports a fair valuation being £5,950.

I think Acromas could have been clearer around any potential reduction in settlement when Mr G expressed an interest in keeping the car. But I can see that they explained the salvage category and that the car could only be used for spare parts. From what I've seen, Mr G hasn't shown an interest in breaking the car into parts and disposing of it appropriately – or even that he has the means to do so. I think it was reasonable for Acromas to keep the car in the circumstances and the impact here is minimal.

Thinking of Mr G's claims journey more generally, I think there were times when Acromas could have been clearer in their communications. But three months isn't unusual to deal with a claim like this, and I'm satisfied they've acted reasonably overall. So, I don't think compensation is warranted for how they've handled the claim.

I note that Mr G has complained about the return of his remaining premiums after his policy was cancelled. Acromas hasn't considered this complaint, and Mr G will need to contact his insurance intermediary to complain before we can comment.

Putting things right

For the reasons above, I have decided to uphold this complaint. Acromas must pay Mr G the difference between their previous valuation and the highest guide – being £5,950. They also must pay 8% simple interest per year on the difference from the date they paid their initial valuation until the date they pay him the difference.

Mr G has mentioned that he may need to pay for hire cars since he wasn't able to afford to purchase a replacement car. But I haven't seen this loss substantiated and he was seeking the difference in value as a resolution rather than any other direct losses. And considering the amount I'm directing Acromas to pay is under £400, I also think it's unlikely this amount prevented Mr G from finding a replacement vehicle. So, I'm not directing Acromas to pay any other losses based on what I've seen.

My final decision

For the reasons above, I uphold Mr G's complaint. I direct Acromas Insurance Company Limited to:

- Pay Mr G £373.

- Pay Mr G 8% simple interest on this amount from the date they paid their initial valuation until the date they pay him this amount.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr G to accept or reject my decision before 14 November 2025.

Andrew Wakatsuki-Robinson
Ombudsman