

The complaint

Ms S complains about the amount U K Insurance Limited trading as Churchill valued her car at following a claim she made on her motor insurance policy.

Reference to Churchill includes its agents.

What happened

Ms S held a motor insurance policy with Churchill. After her car was stolen and subsequently crashed, she made a claim to Churchill.

Churchill accepted the claim and due to the damage caused and the cost to repair it, decided to write the vehicle off and settle Ms S's claim by paying her what they considered to be the vehicle's market value (less the policy excess).

Churchill valued Ms S's car at £37,160. Ms S didn't think this was enough. She said she'd purchased the car roughly eight months before it was stolen for £45,977. She said she thought she was insured for the car being worth £50,000 – the amount on her schedule.

Ms S complained to Churchill but it didn't change its stance.

So, Ms S brought her complaint to us. She didn't think Churchill had taken into account the spec and optional extras on her car. She said she put a lot of time and research into finding her car and doesn't think what Churchill have valued it at is a fair representation of its market value.

Our Investigator recommended Ms S's complaint be upheld. They didn't think Churchill had evidenced that its valuation - which was lower than the highest guide valuation – was fair.

Our Investigator recommended Churchill increase its settlement by £5,756 - the difference between its valuation and the highest guide valuation (£42,916). They thought this was a fair settlement. They explained that they'd asked for a bespoke valuation which took into account the optional extras, but that valuation was lower than the highest guide.

To recognise the distress and inconvenience caused by being paid a less than fair market value, our Investigator recommended Churchill pay Ms S £100 compensation.

Neither Ms S nor Churchill agreed with that assessment. Ms S didn't think it was enough. Churchill thought its valuation was reasonable and provided two supporting adverts.

Unpersuaded by the adverts, our Investigator didn't change their assessment, so the case has come to me for an Ombudsman's decision.

I issued a provisional decision which explained I was thinking of upholding Ms S's complaint. It said:

"Valuing a car isn't an exact science. So I don't intend to put a value on Ms S's car in this decision. What's also clear, and understandable given the circumstances, is that this car

held sentimental value to Ms S It's clear she put a lot of time and effort into purchasing it and has described it as the "car of her dreams".

But unfortunately for Ms S, she's not insured for that sentimental value. Nor is she insured for the time and effort put in to sourcing it or its replacement. It's also not Churchill's responsibility to fund what she considers to be the closest available match to her car. It's obligation is to pay her a fair amount to settle her claim that complies with the terms and conditions of her policy. Sometimes that means the settlement allows the policyholder to buy a car that is reasonably like for like – because there's one for sale. But at times, it means the policyholder might have to settle for a car with a lesser spec on sale for less, or pay a bit more for one with a higher spec – because a like for like one simply isn't for sale.

I understand too here that Ms S was under the impression she was insured for her car being worth £50,000, because that's it's value on her schedule of insurance. But the amount on her schedule isn't the amount she's insured for here. Ms S's policy, like most motor insurance policies is a market value policy, meaning she's insured for the car's market value at the time of loss – which, more often than not is less than the amount listed on the schedule due to the nature of cars depreciating in value over time. There are policies available that will pay an agreed value, these are usually for classic or vintage cars. But Ms S's policy isn't one of those.

Ms S's policy says the most it will pay on any claim is the car's market value. It defines market value as "The cost of replacing your car with another of the same make and model, and of a similar age and condition at the time of the accident or loss."

It's for an insurer to show that its valuation meets the above term. It can come to that valuation how it pleases it. But we have a standard approach to assessing complaints about vehicle valuations.

We look at a number of valuation guides and see where the insurer's valuation is in relation to those guides. If the insurer's offer is less than the highest guide, we need that to be supported by evidence. This evidence is usually adverts of similar cars for sale close to the time of loss, alongside an explanation of why the insurer thinks they support its valuation.

If an insurer's valuation is supported by evidence, we're likely to say it's fair. But if it's not we'll likely tell it to pay more.

That will usually be asking the insurer to pay the highest valuation produced by the guides – because we think this gives the policyholder the best chance of replacing their vehicle with one "of the same make and model, and of a similar age and condition at the time of the accident or loss".

We'll also consider any evidence provided by the complainant to see whether an amount higher than the highest guide is more appropriate.

Here, Churchill's valuation of £37,160 is the average of the two valuation guides it use (£36,000 and £38,320).

We use two additional guides, so four in total. But here, one those additional guides didn't return a value. The other returned a value of £42,916.

So looking at where Churchill's valuation sits in relation to the valuations returned by the guides, it sits lower than two of the three.

So in order for me to be satisfied it's fair, it needs to be supported by further evidence.

Here, Churchill has provided two adverts for cars it considers similar to Ms S's. While these adverts are of the same make and model and of a similar age, their condition varies with one having mileage of 8,000 more than Ms S's car, one with 7,000 less and neither fully showing the specifications. Both of these adverts are for cars on sale around the time of the loss, and both are on sale for less than Ms M's car (£29,995 and £36,950).

The lower advert however is listed as having a being for sale at a "lower price", so I'm not persuaded it can be treated as a reliable or persuasive representation of that car's market value. And for the same reason, I don't find it persuasive evidence in support of Churchill's valuation of Ms S's car.

That leaves just one advert, for a car which is on sale for less than Ms S's car, with less mileage. But as mentioned, there's not a lot of detail about the specification of it. So on that basis, and on the basis that it's just one advert, I don't find it persuasive evidence to support a valuation lower than the highest guide.

That mean's unless there's persuasive evidence that the highest guide valuation is also too low, then that highest guide figure is what I'll likely be requiring Churchill to use in order to settle the claim.

Here, I've considered the evidence Ms S has sent. But I'm not persuaded any of it shows that the highest guide valuation is too low and won't allow her to purchase a car that's "the same make and model, and of a similar age and condition at the time of the accident or loss" – were one available for sale and priced fairly.

I understand Ms S has said hers was a very well-equipped car with a high specification, but the advert she's told us she feels best matches that specification is over 10 years younger than her car. Of the other adverts provided, only one of the four provided is notably higher than the highest guide (another one is less than £50 higher).

So I'm not persuaded that anything higher than the highest guide value of £42,916 is more appropriate here.

To put things right, Aviva should increase its settlement by £5,756 – the difference between its valuation and that of the highest guide. Interest should be added to this payment.

I'm aware that Ms S decided to keep her car following the settlement, so Churchill made a deduction for the salvage value. That's a reasonable thing for it to do, and I've not seen anything which indicates that value is in dispute. Therefore, I don't intend to make further comment on it.

As stated above, it's clear the car that was stolen and crashed meant a lot to Ms S. So being paid out less than a fair market value would have been both distressing and inconvenient. To compensate for that, Churchill should pay her £200 compensation."

To put things right I recommended Churchill:

- Pay Ms S £5,756. Interest should be added to this payment from the date it paid her its settlement to the date it makes this payment**
- Pay Ms S £200 compensation*

** Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Churchill to take off tax from this interest. If asked, it must give Ms S a certificate showing how much tax it's taken off.*

Churchill neither agreed nor disagreed but chased to see if Ms S had responded. We let it know that she hadn't.

Because that response date has passed, I'll now move to write my final 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.

With no further arguments or evidence provided, I see no reason to depart from my provisional decision set out above, both in terms of outcome or reasoning.

Therefore, my final decision reflects my provisional decision set out above.

My final decision

My final decision is that I uphold this complaint. To put things right U K Insurance Limited trading as Churchill needs to:

- Pay Ms S £5,756. Interest should be added to this payment from the date it paid her its settlement to the date it makes this payment*
- Pay Ms S £200 compensation

* Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Churchill to take off tax from this interest. If asked, it must give Ms S a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 24 July 2025.

Joe Thornley
Ombudsman