DRN-5654327

The complaint

Mr F has complained about the total loss settlement he received from Acromas Insurance Company Limited when he made a claim under his car insurance policy.

What happened

Mr F's car was involved in an incident and he made a claim to his insurer, Acromas.

An engineer appointed by Acromas reported that the damage costs made it uneconomical to repair Mr F's car. So Acromas settled Mr F's claim by paying him the market value of his car.

Mr F said the valuation was too low. Acromas didn't agree and didn't uphold Mr F's complaint. So Mr F asked us to look at his complaint.

One of our Investigators followed our approach and recommended Acromas increase the settlement to the highest of the available main motor trade guides. He recommended Acromas pay interest on the difference at our preferred rate.

Acromas didn't agree. It says it had paid the average of the available guides and believes this is fair.

Mr F accepted the Investigator's findings. So as Acromas disagrees, 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.

Mr F holds a standard car insurance policy with Acromas. I appreciate he says his car was a classic car. But I've relied on the wording for the policy Mr F bought with Acromas. This says the most Acromas will pay in the event of a claim is the market value of his car at the time of loss. It defines the term 'market value' as;

> *"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."*

When deciding on valuation complaints, this service looks at the available main motor trade guides. They provide retail transacted guides – which are what Mr F or anyone might expect to pay from a retail garage – for a car similar to his. They provide average valuations based on the likely selling price using the same make, model, specification, age, mileage and condition for the month of loss.

Where an insurer or customer provides adverts that are persuasive - so a number of examples of similar cars for sale, showing either a lower or higher valuation is fair - we will take this into account. Otherwise, we generally find that an insurer should pay the highest of the available trade guides.

Mr F has provided a letter from a dealership which says that to replace Mr F's car it would expect him to have to pay in the region of between £42,000 and £44,000. I appreciate that this information has come from a dealership garage. However, it isn't a valuation report of Mr F's car and doesn't provide supportive evidence on the guide it gives.

I've looked at the advert examples Mr F has provided. While I understand it is difficult to find similar examples, I cannot rely on these to persuade me to depart from our approach. The examples in the make and model, age and mileage vary too widely for me to be able to make a reasonable comparison to Mr F's car.

The guides Acromas checked for the month of loss gave two valuations of £38,610 and £40,280. Acromas reached a settlement sum of £39,313, being the average of the two available guides.

Acromas provided one example of a similar car for sale online for lower than the settlement it reached. This isn't enough to persuade me that Acromas has acted fairly by not paying the highest of the trade guides, in line with our approach. The example is a private seller, and so doesn't reflect – in isolation – a comparable to a retail transacted advert for Mr F's car.

So as Acromas hasn't paid the highest of the available trade guides, I don't think it has settled Mr F's claim reasonably. This means I think it should increase the settlement to £40,280. It should pay interest on the difference from the date it paid the original settlement to the date of payment, as Mr F has been without these funds during this time to help him buy a replacement car.

My final decision

My final decision is that I uphold this complaint. I require Acromas Insurance Company Limited to do the following:

- Increase the market value settlement to £40,280.
- Pay interest on the difference at a rate of 8% simple interest a year from the date it originally settled the claim to the date it pays Mr F.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 15 August 2025.

Geraldine Newbold
Ombudsman