

The complaint

Mr W has complained about the market value settlement Liverpool Victoria Insurance Company Limited (LV) paid when he made a claim under his car insurance policy.

What happened

In May 2024 Mr W's car was stolen and he made a claim to his insurer, LV. LV settled Mr W's claim by paying the market value of his car.

Mr W said the settlement LV reached wasn't enough for him to buy a replacement car.

One of our Investigators thought LV hadn't reached its valuation fairly and recommended it increase it to the highest of all the guides he looked at. This was £38,050.

LV didn't agree. It says it has paid a fair valuation of £36,000. So LV wants an ombudsman to decide.

Mr W provided a copy of information already provided to show why he believes a fairer valuation for his car should be £42,500.

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.

We look at whether an insurer has reached its valuation reasonably and in line with the policy. LV's policy says the most it will pay in the event of a claim is the market value of Mr W's car at the time of loss. LV defines the term 'market value' as;

"the cost of replacing your car with the same make, model and specification. Age, mileage and condition will be taken into account. We'll ask an engineer for advice, use motor trade guides and other sources to determine the market value at the time of the accident or loss. We'll consider the amount you could have reasonably got for your car if you sold it immediately before the accident, loss or theft and not the price you paid for it."

LV relied on three main motor trade guides when reaching its valuation. Based on these guides, it paid just above the highest of these, so £36,000.

LV says it doesn't use one of the guides we have included, which in this case produced the highest valuation. LV has relied on the remaining guides and paid the highest of them. So it doesn't agree that it has reached its valuation in an unfair way.

For some time now, our approach has been to rely on all of the available main motor trade guides. So while LV disagrees, I think it is fair to include the additional one in question here. The guides use different methods to value vehicles, so we think it is best to use multiple guides to reach a fair market value.

Where an insurer has offered less than the higher valuation from the trade guides, we ask it to provide evidence to show what they're offering is fair and reasonable. If there's no other evidence, or the evidence isn't persuasive, to justify the lower value they've offered, it's unlikely we will agree the insurer has offered a fair market value for the vehicle.

LV hasn't provided evidence to support its lower valuation. This is because it doesn't agree it has provided a lower valuation.

The example adverts Mr W provided are for an upgraded specified model of his car. Mr W says while his car was not this specification, the number of additional extras under his model meant it was very close to the specification in the adverts he has provided. He has provided a breakdown of the difference in price he believes the additional extras mean for the value of his car.

I don't find the information Mr W has provided to be persuasive for me to rely on the adverts he provided in reaching a fair valuation for his car. The motor trade guides provide a valuation based on the same make, model, specification, age, condition and mileage as Mr W's car. We look at the 'retail transaction' sum provided by each guide. This is the retail price a consumer would expect to pay for a similar car from a retail garage.

So, I think the fairest outcome is for LV to increase the market value it paid Mr W to £38,050 in line with the highest of the available motor trade guides. I haven't seen any evidence to show LV's decision to pay less than this was reasonable.

LV should pay interest on the difference as Mr W has been without these funds to buy a replacement car.

My final decision

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

- Increase the market value settlement to £38,050.
- Pay interest at a rate of 8% simple interest a year from the date one month from the claim – or the date LV paid the original settlement – whichever is earlier – to the date it pays the difference.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 September 2025.

Geraldine Newbold
Ombudsman