

The complaint

Mr S complains about the handling of his commercial motor insurance claim by Watford Insurance Company Europe Limited. Mr S is unhappy with the valuation placed on his vehicle after it was stolen.

What happened

Both parties are aware of the circumstances of this complaint. So, the following is intended only as a summary. Additionally, although other parties have been involved, I have just referred to Mr S and Watford for the sake of simplicity.

Mr S insured his van via a commercial motor insurance policy, underwritten in part by Watford. In April 2025, Mr S's van was stolen. He claimed for this on the policy, and Watford agreed to meet the claim. However, Watford considered that the value of the van was £5,792.64 including VAT. Mr S said that he had only recently bought the van, and that it was worth more than this. Watford did not change its stance however.

Ultimately, Mr S brought his complaint about this to the Financial Ombudsman Service. Our Investigator thought that Watford should increase the valuation to £7,657.20 including VAT, based on the industry guides that he reviewed. Watford disagreed with this, saying that the guides showed a different price and that the vehicle had been previously recorded as being a category S write-off.

As our Investigator was unable to resolve the complaint, it has been passed to me for a 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.

Having done so, I am upholding this complaint. I've explained why below.

Watford's position on how the initial value of the vehicle should be reached is largely in line with that of the Financial Ombudsman Service. Watford has used a number of the industry guides to work out what the market value of the vehicle would have been at the time of loss.

Prior to our Investigator reaching his initial view on the complaint, Watford had not provided a copy of the results from these guides it had generated in April 2025. So, our Investigator had to generate his own results from these guides in June 2025. The highest valuation produced in April 2025 was £6,034. Whereas the highest valuation in June 2025 was £6,381.

Such a difference in the figures produced is not uncommon, as the guides use complex algorithms that mean different results will be produced at different points in time. I think the results produced closer to the time of the loss are more likely to represent the value at the time of loss though. And these are the results generated by Watford in late April 2025, rather

than the results produced by our Investigator in early June 2025.

So, the starting point for the valuation is the £6,034 amount produced by the guides in April 2025. It should be noted that this price does not include VAT, which would need to be added to the settlement.

Mr S has confirmed that he is willing to accept this as the basis for the settlement, even though it is lower than that recommended by our Investigator.

The next consideration is whether there is any other evidence that means such a valuation does not represent a fair and reasonable settlement.

Mr S has said that he purchased the vehicle for a higher price than this. The exact purchase price has not been evidenced. However, this is likely to have been in the region of £9,000. The purchase date was around a year prior to the loss though. So, it would not be unexpected that the vehicle would be worth less at the time of loss. Additionally, the price a customer pays for a particular vehicle, does not necessarily determine its market value. For example, a customer might have paid more than the vehicle was worth, and it would not be fair or reasonable to require an insurer to compensate the customer to the same level.

The value of a number of other, comparable vehicles is a useful indicator of the lost vehicle's value though. Mr S did provide some adverts for similar vehicles. Unfortunately, full details of these are no longer available for me to review. But I note that Watford did review these. It noted that there were differences in the mileage and specifications for these vehicles to those of Mr S's van. Based on the information that is available to me from these adverts, this looks to be correct. And such differences would likely impact the value of the vehicles. So, the majority of these adverts do not appear to provide a good comparison to allow the value of Mr S's vehicle to be determined. One advert was apparently for a fairly comparable vehicle, but I would not be able to fairly and reasonably conclude a valuation of Mr S's van based only on one advert. As with the price Mr S paid for his vehicle, a single advert cannot be said to fairly and reasonably determine the value across the market.

The last consideration in this case as to whether £6,034 plus VAT represents a fair and reasonable valuation of Mr S's vehicle is that Watford has said the vehicle was previously recorded as a category S write-off. This means that the van was previously structurally damaged, but was then repaired.

Such a history can impact the value of a vehicle. And it may be that it is fair and reasonable for an insurer to reduce the value of the vehicle to take this into account. But the insurer will need to demonstrate that its deduction is fair and reasonable. Where an insurer has not done this, I don't consider it is fair and reasonable for any deduction to be made. It is for, in this case, Watford to demonstrate that a deduction is appropriate and, if so, what the amount of this deduction should be. In this case, Watford has said that a deduction of 20% on the valuation is appropriate. But it has not supported this with evidence that persuades me this is fair and reasonable. So, I don't consider it can make any reduction for this element of the vehicle's history.

Putting things right

Watford Insurance Company Europe Limited should put things right by basing the settlement of Mr S's claim on the vehicle having a market value of £6,034 plus VAT. I understand Mr S is not VAT registered, so he should receive the VAT as part of the settlement of the claim. It is though fair and reasonable for Watford to deduct any excess applicable to the policy – both compulsory and voluntary – from the settlement amount.

Watford should also add interest at a rate of 8% simple per annum to the settlement figure. This should be payable from the date of Watford's initial offer of settlement to the date any settlement has been, or is ultimately, paid.

My final decision

My final decision is that I uphold this complaint. Watford Insurance Company Europe Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 September 2025.

Sam Thomas
Ombudsman