

The complaint

Mr J says U K Insurance Limited ('UKI') didn't offer him enough for his written off car when he made a claim on his motor insurance policy.

What happened

Mr J's car was damaged in an accident in February 2025 and was classified as a total loss. He said he'd seen adverts for similar cars priced at £7,000 to £10,000, but UKI offered him only £3,531. After Mr J challenged the valuation and pointed out that the car had been given a full respray two years earlier, UKI increased the valuation to £3,650. And it offered him £50 for the inconvenience of having been given a lower valuation initially.

Mr J then complained to us and one of our Investigators reviewed what had happened. She looked at the valuations set out in the national trade guides and noted that UKI had paid Mr J the top guide valuation. She thought that was fair and reasonable. Although Mr J provided an advert for what he thought was a similar car, advertised at £9,995, the Investigator noted that the car's mileage was much lower than that of Mr J's car (around two thirds less).

Mr J remained dissatisfied. He said he'd been told by one of UKI's advisors that items such as a new engine, or a total respray, would increase a car's valuation significantly.

As there was no agreement, the complaint was passed to me for review.

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 think in general the best way to establish a car's likely market value is to use the retail figures provided in the national trade guides, as they're based on extensive research and are updated regularly. We don't usually think adverts are persuasive, mainly because they show asking prices that are subject to negotiation. And small differences between what appear to be similar cars can make a significant difference to their selling prices.

In this case, I don't think the advert Mr J has provided is persuasive, given that the car advertised at £9,995 had around a third of the mileage of Mr J's car.

We normally expect insurers to offer the top valuation shown in the guides, unless they can provide evidence to show why that wouldn't be reasonable. Initially, UKI didn't offer the top valuation. In UKI's file notes, it says the respray would be worth £1,044 after two years. But a further note says UKI is limited to offering the top valuation set out in the guides, so it only paid Mr J an extra £119, as its new offer then matched the sum shown in that guide.

We asked UKI why it was prevented from offering Mr J more than it did. It provided evidence to show that it was limited by its policy of not offering more than the top guide valuation. I think the details in the policy (which are commercially sensitive) explain why an advisor told Mr J that a respray adds substantially to a car's valuation. That's correct, but it only applies

within a certain timeframe - and the increase won't exceed the top retail guide valuation.

In my opinion, UKI didn't act unreasonably. Mr J says no-one would spend over £3,000 on a respray to get an increase of only £119 to the valuation - but that isn't why Mr J had the work done. I assume that the repair and respray were needed, in order to keep the car in good condition. Mr J couldn't have known that he'd only have the benefit of the improvements to the car for around two years. I can see why he's frustrated and disappointed about what has happened, but maintaining a car in good condition is required in order to get the top valuation from the guides. Otherwise the car's market value will be lower.

In my opinion, there was no obligation on UKI to pay Mr J more than the car's top retail valuation, so I can't uphold his complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 25 November 2025.

Susan Ewins
Ombudsman