

The complaint

Mrs C complained about Acromas Insurance Company Limited's valuation of her car under her motor insurance policy.

What happened

After Mrs C's car was damaged in an accident, Acromas decided that it was uneconomical to repair. They considered four motor trade valuation guides in assessing her car's market value and offered her the average of those guides' amount. This was ££2,038.

Mrs C said that was not enough to buy a similar make and model of car. She sent us adverts which she said showed similar cars selling for more than what Acromas had offered her.

The investigator recommended that her complaint should be upheld. She thought Acromas had not shown sufficient evidence that their valuation was fair and so should increase their market value offer to the highest of the guides' valuations.

Acromas didn't agree. They thought they had followed the correct process. So I've been asked 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.

Mrs C's policy says that market value is:

“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. Where we are unable to estimate the market value of your vehicle we will use the nearest market equivalent for comparison.”

Our approach regarding complaints about car valuations is not to decide what the market value of a car is; we merely consider whether or not the insurer has reached a fair and reasonable amount in all the circumstances. This involves having regard to the valuations in the motor trade guides. The prices in those guides are linked to likely monthly nationwide sales figures which we believe give a reasonable and independent guide and take account of a number of factors including mileage, condition, and any extra features.

As the investigator explained, if the insurer's valuation isn't close to the highest guide value, we'll look to see if it's supported by other evidence, such as engineer's reports, expert opinions, and adverts for similar cars. However we expect an insurer to show their valuation is enough to allow their policyholder to buy a like for like replacement vehicle. If it doesn't, we're likely to direct them to pay the value produced by the highest guide. And we had published guidance to insurers to that effect at the relevant time.

In arriving at Mrs C's car's market value, Acromas said that they considered valuations from four motor trade guides and took the average of all four guides, which was £2,038. But

Acromas haven't shown us why they think it was reasonable to choose an average, and why they didn't follow our guidance.

The investigator did her own check of four guides, looking at whether Acromas had valued Mrs C's car in accordance with our guidance, considering the car's model, additional features, and the actual mileage at the time of the car's loss. Those showed a valuation range with the highest being £2,585.

Acromas did also show three adverts for a similar vehicle, but only one of those was less than the £2,038 they'd offered Mrs C, and it had a higher mileage than her car. Because Acromas haven't shown us other persuasive evidence supporting the reasonableness of their market value offer amount for her car I don't think that they have provided enough evidence to justify it. So I don't think that their market value offer was a fair and reasonable valuation.

Mrs C said to get a new similar car cost her much more than what Acromas paid her for her car. She said she'd bought her car only about nine months before the accident, and it was in immaculate condition, had a full service history, handbook and two keys. But we see that as maintaining a car in market value, not as increasing its value. She also showed us some adverts, but I'm not persuaded that they are like for like. I haven't been shown enough to suggest that a value outside the guides is fair, and so I think our usual guides' approach should apply.

As I said above, this approach is to consider the guides' valuations. As the highest of them is £2,585, I think that Acromas should pay Mrs C that for her car's market value, less what they have already paid her, plus interest on that difference.

My final decision

For the reasons given above, my final decision is that I uphold the complaint. I require Acromas Insurance Company Limited to do the following:

- Pay Mrs C the difference between £2,585 and what Acromas paid her for her car's market value.
- Pay Mrs C interest on that difference at 8% simple interest from the date they paid their market value until the date they pay her the difference

If Acromas consider that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mrs C how much they've taken off. They should also give Mrs C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 28 November 2025.



Rosslyn Scott
Ombudsman