

The complaint

Mr T complains about how U K Insurance Limited (UKIL) dealt with a claim on his motor insurance, and including the valuation placed on his car. References to UKIL include other organisations and individuals acting on its behalf.

What happened

Mr T had motor insurance underwritten by UKIL. His car was involved in an accident and he made a claim on his insurance policy. The car was declared a total loss as it was deemed not economical to repair.

UKIL placed a value of £14,765 on the car. Mr T said he couldn't buy a similar car for this – he said that around the time of the accident he had done his own research looking at adverts and had come up with a valuation of £17,400 for the car. Unfortunately Mr T didn't take copies of these adverts. Nearly two months later Mr T did the same thing again, but this time taking screenshots, and came up with an average price of £15,200. Mr T said his independent engineer felt his vehicle was worth £15,350.

Mr T said the settlement offer also failed to recognise that where he lived made it particularly difficult to travel to buy a replacement car, get his old car recovered and find a courtesy car. Mr T says he also had to repeatedly contact UKIL to try and get the claim sorted.

Mr T wasn't happy with this and complained to UKIL. UKIL said Mr T's policy only included cover for a courtesy car while his car was being repaired at an approved repair centre. As the car couldn't be repaired under the policy, UKIL's agent only considered offers of hire outside the terms of his policy. UKIL said it had contacted its agent to advise of the issues.

UKIL also said when assessing a car's value, its engineers take into account the make, model and individual specifications and cross reference these with recognised motor trade guides. This produced values of £14,750, £15,230, £14,483, and £14,597, making an average of £14,765 which had been paid to Mr T.

UKIL said its engineer also searched the marketplace for comparable cars for sale, and whilst it doesn't find advertised prices persuasive as they are subject to negotiation, a comparable car was for sale at £13,955. UKIL said a second engineer reviewed the case and agreed an increase was not justified.

Finally, UKIL said its engineers hadn't considered the extra costs Mr T would have incurred due to where he lived and so had asked them to make sure these costs were included in the value of his car.

UKIL also issued a non-fault referral to its legal teams to support the full tank of fuel Mr T wanted to be refunded and any other costs it hadn't been able to consider within his claim. UKIL paid Mr T £300 for the errors it had highlighted and to help make up for the trouble and upset caused.

Mr T didn't agree with what UKIL said and complained to this service. When our investigator

contacted UKIL it agreed to pay Mr T a further £848 in recognition of the extra costs due to where he lived, increase the valuation to the highest valuation of £15,230 plus interest on the additional payment, and increase the compensation by £100.

Our investigator put this to Mr T but he didn't agree with the new valuation. He also didn't agree with the sum of £848 for the extra costs, although he hasn't itemised what he thought the actual costs were.

So our investigator went on to investigate Mr T's complaint and upheld it. She said she had looked at the available trade guides (using the make, model, specification, year, mileage, and condition of Mr T's vehicle) which gave values of £14,750, £15,230, £14,607, and £14,827. Although UKIL didn't initially offer the highest trade guide it had subsequently done so, which our investigator thought was fair and reasonable.

The investigator also said that UKIL's offer to pay an additional £848 for costs associated with Mr T needing to source a vehicle from mainland UK was reasonable.

So the investigator said that, although UKIL's initial offer wasn't fair or reasonable, it had increased this to an offer which was.

Finally the investigator said that Mr T's policy didn't cover him for a courtesy car in the circumstances or other out of pocket expenses he'd wanted to claim for.

Mr T didn't agree so his complaint has been passed to me. Mr T wants UKIL to make a fair offer and to properly cover his additional costs.

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.

I uphold Mr T's complaint to the extent of the actions UKIL has already agreed to carry out. I'll explain why.

When considering this type of case, this service's approach is to use all the available evidence to assess whether the insurer acted in line with the policy terms and paid the policyholder a fair market value for their vehicle.

The insurer needs to show that the valuation is enough to allow the consumer to buy a replacement vehicle. That doesn't necessarily mean the insurer needs to offer the highest valuation available. But, if their valuation is lower than the highest valuation returned from the guides, they need to evidence that it's fair and reasonable.

Mr T's insurance policy documents with UKIL said:

"Section 4: Accidental damage

...What we'll do

If your car is accidentally damaged, we can choose to either:

- Repair – we'll repair the damage ourselves or pay to repair it.*
- Replace – we'll replace whatever is lost or damaged, if that's more cost-effective.*
- Repay – we'll settle your claim by sending a payment."*

Page eight stated:

“What your cover includes

We’ll provide cover up to the amounts shown below, depending on the type of claim and the level of cover...

Accidental damage to your car Market value”

Market Value was defined as:

“The cost of replacing your car with another of the same make and model, and of a similar age, mileage, and condition at the time of the accident or loss.”

UKIL obtained valuations of £14,750, £15,230, £14,483, and £14,597, making an average of £14,765 which has been paid to Mr T. When our investigator contacted UKIL it agreed to increase its valuation to the highest figure of £15,230. Our investigator obtained valuations of £14,750, £15,230, £14,607, and £14,827. Although Mr T has provided some adverts showing different asking amounts, he has not been able to provide these for the date of the loss of the car, and market value is defined in the policy as being at the time of the accident or loss. Therefore I think that UKIL’s final valuation of £15,230 is fair and reasonable and in line with the policy terms and conditions. I note that Mr T’s own engineer valued the car at £15,350, which is very close to UKIL’s valuation.

UKIL has also offered Mr T a further £848 in recognition of the extra costs of sourcing a new car due to where he lives. Having seen UKIL’s reasoning for arriving at this sum, I think it is a fair and reasonable amount.

Finally, UKIL has offered Mr T a total of £400 compensation, which is in line with the awards this service would suggest for the level of distress and inconvenience Mr T experience.

So I agree with UKIL’s suggested settlement of the claim and I won’t be asking it to pay any more.

In relation to the issue of the courtesy car, the policy stated:

“Section 3: Courtesy Car

...If you claim under section 2 or 4 of your policy and your car is being repaired by an approved repairer:

- *You will get a courtesy car to keep you mobile while your car is being repaired, subject to availability...”*

As Mr T’s car wasn’t being repaired, he wasn’t entitled to a courtesy car under the policy terms.

My final decision

For the reasons above I uphold Mr T’s complaint. If it hasn’t already done so I require U K Insurance Limited to pay Mr T a total of £15,230 as the market value of his car plus interest at 8% simple on the difference between this and the original figure from the date the original settlement figure was paid to the date this increased figure is paid, plus a total of £848 in recognition of the extra costs of sourcing the replacement car and a total of £400 in recognition of the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 11 December 2025.

Sarah Baalham
Ombudsman