

## The complaint

Mr M complains about how his insurer, Watford Insurance Company Europe Limited (Watford) handled a claim for damage to his vehicle in an accident. Specifically, Mr M is unhappy with the valuation of his vehicle as a total loss, but also that Watford disposed of the vehicle against his wishes.

Any reference to Watford in this decision includes their agents.

This decision covers Mr M's complaint against Watford as the insurer of his policy. After the accident, Mr M initially opted for the claim to be handled by an accident management company (AX). But they withdrew from the claim two months after the accident as they could no longer deal with the claim. At that point, Mr M opted to pursue a claim under his policy with Watford. Mr M subsequently complained to Watford about their handling of the claim, before complaining to this Service. So, this decision covers the actions of Watford, not AX. References to AX are included for context and background to what happened.

## What happened

In October 2024 Mr M's vehicle was involved in an accident, when it was in collision with a third-party vehicle. Mr M initially elected for the accident to be dealt with by an accident management company (AX). AX arranged for Mr M's vehicle to be collected by a salvage firm (C) and assessed. Initially the vehicle was assessed to be a total loss, based on the extent of the damage and deemed to be a Category N total loss (non-structural damage). The vehicle was valued at £7,550 less a salvage value of £1,585 (should Mr M decide to retain the vehicle and have it repaired).

However, AX withdrew from the claim in December 2024 (due to policy restrictions). Mr M then elected to make a claim under his policy with Watford. Mr M was keen to retain the vehicle, emphasising this to Watford, who said he could retain the vehicle (on payment of the salvage fee). Watford had a further assessment of the vehicle by C, which concluded it was repairable. Watford then said it would be considered a total loss (February 2025) and made a net settlement offer of £6,290.50 (a vehicle valuation of £7,550 less the policy excess of £820 and outstanding premium of £439.50).

However, the settlement offered by Watford didn't include any deduction for the salvage value of the vehicle (for Mr M to retain the vehicle) and Watford failed to instruct C to hold off disposing of the vehicle, which they proceeded to do. Mr M only found out the vehicle had been sold from a conversation with C.

Mr M was unhappy that his vehicle had been disposed of (by C) when he had explicitly requested that he retain the vehicle (as had been the case with the original settlement offer from AX). He was also unhappy with the valuation placed on his vehicle. So, he complained to Watford (February 2025).

In their final response, issued in March 2025, Watford didn't uphold the complaint. The response only considered the specific issue of Mr M's vehicle being sold by C against his wishes. Watford referred to the circumstances of the accident and Mr M initially electing that

AX handle the matter. But subsequent withdrew from the claim (Watford said because of a dispute in liability for the accident). When Mr M then contacted Watford (December 2024) he said he wanted to retain the vehicle and told this was available. Watford acknowledged they should have issued instructions to C to request a hold on the vehicle to prevent it being sold. Watford apologised for the inconvenience caused to Mr M and offered £150 compensation.

Mr M then complained to this Service, unhappy at the valuation of his vehicle and it being disposed of against his wishes. He didn't think £150 compensation was commensurate with the loss of his vehicle (which took him two years to find) and the distress he'd endured. He wanted a fair settlement for his vehicle, reflecting what he considered to be its true market value. He also wanted the excess to be waived, and the additional premium Watford had deducted to be reimbursed. He also wanted Watford to acknowledge their failings in handling his claim and for them to improve their claims handling process. He also wanted compensation for the emotional and mental strain he'd suffered. Because of Watford's actions, he'd been left without a vehicle, so he wanted to retain the hire car.

Our investigator upheld the complaint, concluding Watford hadn't acted fairly. On the valuation of Mr M's vehicle, she noted Watford's offer of £7,550 was the highest of the valuations provided by four recognised industry valuation guides, so she concluded the offer was fair. It was also reasonable for Watford not to waive the policy excess or policy premium.

On C disposing of the vehicle, she noted Watford accepted they made a mistake in not placing a hold on disposal and should have done more to prevent its disposal. She concluded the impact of the disposal on Mr M was significant, recommending Watford pay a further £150 for distress and inconvenience in addition to the £150 Watford awarded. But it wouldn't be fair or reasonable for Watford to transfer ownership of the hire car to Mr M. On other issues raised by Mr M, the investigator couldn't see they had previously been raised by Mr M, so he would need to raise them in a further complaint to Watford.

Mr M disagreed with the investigator's view and requested that an ombudsman review the complaint. He didn't think the compensation recommended was sufficient for the impact of what had happened and his vehicle being disposed of. He also provided letters from medical professionals about the impact on his health.

### **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.

My role here is to decide whether Watford has acted fairly towards Mr M.

The two key issues in Mr M's complaint for me to consider are, firstly, Watford not preventing the disposal of his vehicle (by C) when he asked to retain the vehicle. Watford accept they should have done more to prevent this, by placing a 'hold' on the vehicle. The second issue is the valuation of the vehicle, which Mr M doesn't think reflects its true value.

When bringing his complaint to this Service, Mr M also raised several other issues, which weren't included in Watford's final response to his original complaint to them. As these issues haven't been considered and responded to formally by Watford, they don't form part of this decision. From what I've seen, Watford have been in communication with Mr M about these issues and made an informal offer to resolve them. It would be for Mr M to consider the offer and, if unhappy, raise a fresh complaint to Watford and (potentially) to this Service if he remains unhappy.

Turning to the two key issues I can consider under this complaint, I've first considered the valuation of Mr M's vehicle.

I've first looked at what the policy terms set out. In cases of total loss, the policy provides for the market value of the vehicle to be paid. Market value is defined in the policy as:

*"The retail Market Value based on current industry standard guides for purchasing, or replacing, the insured vehicle with one of the same make, model, age, trim level, recorded mileage and being in a similar condition. These guides are motor trade publications, recognised and used extensively throughout the motor vehicle industry to value new/used vehicles. We will consider motor trade publications such as, but not limited to CAP (CAP Motor Research Ltd), Parkers Guide, Cazoo or Glasses Guide."*

As a Service, our approach to vehicle valuations starts by looking at an insurer's valuation, which we generally expect to be based on relevant industry valuation guides. We'd expect an insurer's valuation to be based on the highest valuation guide figure (or higher). If it was, then we are likely to say it's fair, unless there's other evidence to say this is unfair (or that an insurer can evidence their offer is fair where it's lower than the highest guide value).

I've then looked at the valuations for Mr M's vehicle. As set out earlier, initially the claim was handled by AX, not Watford. AX commissioned an engineer report from C (who acted as salvage agents for both AX and Watford). The initial engineer report is dated November 2024 and recommends the vehicle be treated as a total loss (Category N, non-structural damage) and includes a suggested valuation of £7,550. The report also includes valuations from four recognised industry valuation guides:

- (A) £7,550
- (B) £6,806
- (C) £6,569
- (D) £6,439

These valuations are very similar, if not identical, to the same valuations from the same guides obtained by this Service.

The engineer's report was the basis for AX's initial settlement offer to Mr M, including the salvage value should Mr M want to retain the vehicle (£1,585). As AX offered £7,550 as a vehicle valuation, it's clear they used the highest of the four valuations (which is consistent with our approach as a Service).

However, when AX withdrew from the claim and it was passed back to Watford, they commissioned a further report from C's engineer on the vehicle. The report, dated January 2025, concluded the vehicle was repairable, although it included an engineer's valuation of £7,006. The report also included valuations from the same four industry valuation guides. These were the same as those in the first engineer's report, except for that from (D) where the valuation was £7,099 (an average of three of the four guide valuations).

While the report concluded the vehicle was repairable, Watford made a total loss settlement offer to Mr M, again based on the same, highest valuation figure (£7,550). From what they have told us, Watford made the total loss settlement to honour the total loss settlement previously offered by AX and they again based their offer on the highest guide valuation.

I've not seen any evidence, from Mr M or otherwise, that would show Watford's offer wasn't fair or reasonable, based as it was on the highest of the four valuation guide figures (the approach we adopt as a Service). So, I've concluded Watford acted fairly and reasonably in making their settlement offer.

Turning to the second issue, the sale of Mr M's vehicle despite his requesting he retain the vehicle, I've looked at the sequence of events. In doing so, I have started with events from the date of the accident. AX's initial total loss settlement offer included a deduction for the salvage value of the vehicle, as Mr M said he wanted to retain the vehicle. He also made this point clear when AX withdrew from the claim and it was taken over by Watford. Watford acknowledge this and their case notes confirm this.

However, it appears this wasn't then properly recorded and acted upon by Watford, so they didn't put a 'hold' on the vehicle, to prevent it being sold by C (their normal practice in total loss cases where the policyholder elects not to retain the vehicle). This omission is further supported by Watford's total loss settlement offer making no deduction for the salvage value of the vehicle.

So, I've concluded Watford didn't act fairly in not doing more to prevent his vehicle being sold, when Mr M had said he wanted to retain the vehicle.

I've then considered what Watford should do to put things right. As the vehicle has been sold, then it isn't possible for it now to be retained by Mr M. I also note that, pending the outcome of his complaint to this Service, Mr M refused to agree the settlement offered by Watford. That's his prerogative, of course, but as I've concluded above, I think Watford's total loss settlement was fair and reasonable, based on their valuation of the vehicle.

Mr M asked that the hire car that he had been provided with (which was very similar to his own) be transferred to him. However, as I understand it, the hire car was being provided by AX, not by Watford. So, they didn't have ownership of the vehicle and couldn't transfer ownership. In any event, Watford's responsibility under the policy terms is to offer the market value of the insured vehicle in cases where it is deemed a total loss, which is what they have done through their total loss settlement offer. So, they've complied with the policy terms.

Watford have offered £150 compensation for their failing to place a hold on the vehicle to prevent it being sold. Mr M has spoken to us at length about the impact of the vehicle being sold and the circumstances surrounding that. I appreciate what he's said about the time he took to purchase his vehicle, to match what he was looking for in a vehicle.

I've also considered the additional evidence he's provided from his medical professionals about the impact of what happened on his health and the treatment prescribed. Reading what they've said, the treatment would appear primarily to deal with the psychological impact of the accident. But it also refers to Mr M saying the ongoing litigation and the vehicle being disposed of without his consent has contributed to his condition. While I don't what the two reports have said, I can't hold Watford responsible for the impact of the accident itself. But I have considered what has been said when concluding what would be fair and reasonable compensation for distress and inconvenience in the specific circumstances of the case.

Taking all these points into account, in the context of the published guidelines on awards for distress and compensation from this Service, I've concluded £300 would be fair and reasonable in the circumstances of this case. That is, a further £150 in addition to the £150 awarded by Watford.

### **My final decision**

For the reasons set out above, my final decision is that I uphold Mr M's complaint. I require Watford Insurance Company Europe Limited to:

- Pay Mr M £300 in compensation for distress and inconvenience (or an additional £150 if they've already paid the £150 they awarded).

Watford Insurance Company Europe Limited must pay the compensation within 28 days of the date we tell them Mr M accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

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

Paul King  
**Ombudsman**