

The complaint

Mr J complains about the way Ageas Insurance Limited has settled a claim he made on his motor insurance policy.

What happened

Mr J's vehicle, insured with Ageas, was stolen and later recovered. He made a claim on his motor insurance policy for the damage, but Ageas considered the car to be a total loss. So instead of repairing it, Mr J was offered a cash settlement for the market value of the vehicle.

Mr J complained about the settlement offered; he considered it too low for him to be able to replace his vehicle. Ageas increased its offer to £7,573 (before deducting the policy excess of £400). Mr J remained unhappy and so he brought his complaint to the Financial Ombudsman Service for an independent review.

Our Investigator didn't think Ageas had offered a fair settlement, she said one of the trade valuation guides had valued the car at £11,892. She didn't think Ageas had shown that this figure shouldn't be relied upon, and as such, she said this is the amount Ageas should base its settlement on for the market value of Mr J's vehicle.

Ageas didn't accept that outcome. It said it had searched Mr J's vehicle on three trade valuation guides, with the highest value being returned at £7,573. It said the guide our Investigator relied on should be discarded as an outlier. And many of the other vehicles advertised around the £11,000 mark had significantly lower mileage than Mr J's vehicle.

Our Investigator wasn't persuaded that the guide that returned the highest value should be discounted. She said whilst Ageas had provided adverts with considerably lower mileage than Mr J's car had, those vehicles were listed for around £14,000. So she considered the mileage on Mr J's car had been taken into account with the valuation of £11,892. As the matter hasn't been agreed, it has come to me 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.

Having done so I've reached the same outcome as that of our Investigator. As such, my findings below will be brief and focussed on Ageas' objections to our Investigator's assessment.

Where Ageas decides a car is a total loss, the policy terms state it will pay no more than the market value to settle the claim. The policy defines market value as the cost of replacing the car with one of a similar age, type, mileage and condition immediately before the loss or damage happened.

So I've considered if Ageas's offer to settle Mr J's claim is fair and in line with these terms. When looking into these types of complaints we check trade guides, adverts and other relevant evidence. We consider whether the insurer has made a reasonable offer in line with the evidence. We generally find the guides persuasive as they're based on nationwide research of likely selling prices, so they can be more reliable than individual adverts. But as I've said we do consider other evidence.

There's no dispute that one of the guides returned a valuation of £11,892. Ageas argues this should be discounted as it is considerably higher than the other three guides that returned a valuation. However, that is not the approach this Service follows. This Service doesn't disregard a higher valuation, unless there is good reason for doing so.

Having reviewed the information inputted into the highest valuation guide, I can see it was generated, in line with the policy terms, using the age, type, mileage and condition. So, I'm satisfied there's been no error in generating that valuation. As such, this Service will generally require Ageas to pay the highest guide valuation, unless there is relevant evidence supporting a lower valuation. This is to minimise the risk of detriment to the policyholder.

Ageas says the challenge in finding adverts to support their lower valuation is that the mileage on Mr J's vehicle is considerably higher than all of those featured in adverts. His being over 200,000 miles, whereas most of the adverts it found have mileage around half of that – or even less.

Ageas has provided two adverts of similar vehicles. One valued at £13,500, the other at £13,750, with mileage at 91,000 and 74,000 respectively. I accept Mr J's car had considerably higher mileage, but that doesn't persuade me a valuation of £11,892 (being around £2,000 less than those advertised vehicles) is unreasonable. I think it's likely those vehicles were valued at around £14,000 owing to their lower mileage. And as such the highest guide has taken that mileage into account when reaching the valuation it did.

Ageas has also provided another advert for a similar car (albeit a year older than Mr J's). It says that vehicle was originally listed with a sale price of £8,500 but has now been reduced to under £7,000. The mileage on that vehicle is closer to Mr J's mileage, at 150,000. So, in that respect I accept this does support Ageas' lower valuation, and I can see the difficulty Ageas has, if there are few cars being advertised with a similar mileage to Mr J's.

However, I've also seen cars of the same year as Mr J's listed for around £17,000. And although those ones have a lower-than-average mileage, I'm persuaded that overall, the adverts on the whole show it would be unreasonable to discount the highest valuation guide price of £11,892. As such, and to minimise the risk of any detriment to Mr J, I consider the highest guide is a fair reflection of the likely cost of replacing the car with one of a similar age, type, mileage and condition. So, it follows that Ageas will need to pay £11,892 for the market value of the vehicle.

My final decision

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My final decision is that I uphold this complaint and I direct Ageas Insurance Limited to:

- Pay Mr J £11,892 for the market value of Mr J's vehicle.
- As Ageas had advised Mr J he could take its offer of £7,573 as an interim payment, then it should pay interest* on the difference in the increased valuation from the date it made the interim offer until the date it settles the claim.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Ageas to take off tax from this interest. If asked, it must give Mr J a certificate showing how much tax it's taken off.

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.

Michelle Henderson

Ombudsman