

## **The complaint**

Mr L complains about the settlement that First Central Underwriting Limited offered him for the total loss of his car following a claim made on his motor insurance policy. He wants it to increase its valuation of his car's pre-loss value to £8,000.

## **What happened**

Mr L was involved in an incident with another driver, and his car was deemed to be a total loss. First Central offered him £4,250. less £900 for the policy excess in settlement of his claim. It later increased the valuation to £5,000 after further assessment. But Mr L provided examples of similar cars advertised for sale at higher prices. He thought First Central should increase its offer to around £8,000.

Our Investigator didn't recommend that the complaint should be upheld. He thought First Central's initial settlement offer was too low as it wasn't made in keeping with our approach. But he thought it's final offer was fair and reasonable as it was higher than a valuation made by the motor trade guides. And he thought First Central had demonstrated that Mr L could replace his car for this amount.

Mr L replied that he was unable to find like for like replacements for his car for £5,000. He said he'd provided examples of cars advertised for sale close to the date of the claim for prices over £8,000. He thought the rarity of his car had increased its value. Mr L asked for an Ombudsman's review, so his complaint has come to me for a final decision.

## **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 can understand that Mr L wants a fair settlement for the loss of his car. I note that Mr L had stated the car's value when he first took out his policy, and shortly after he purchased it, as £3,000. But he was unhappy with First Central's valuation of £5,000. Mr L's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet as:

*"The cost of replacing your car with one of a similar make, model, age, mileage and condition based on market prices at the time of the accident or loss. This may not be the same price you originally paid for your car or the value you declared on the Statement of Fact."*

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought First Central's final settlement offer was fair and reasonable. So I've checked how he came to this conclusion.

I can see that he checked that First Central had looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Mr L's car at the date of its loss. And he confirmed that due to the age of the car only one valuation was available.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification.

So we now expect insurers to pay the highest of the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

First Central had offered Mr L a valuation of £5,000, which was higher than the sole valuation provided by the guides, £4,682. First Central's initial offer had been lower than this amount, and it hasn't explained the reason for this. But I'm satisfied that this later offer is higher than those provided by the guides.

Mr L provided adverts for similar cars advertised at higher prices. And I have considered these and looked to see where the advertised cars are similar to Mr L's. I can see that all the prices were much higher than First Central's offer.

But First Central also provided adverts for similar cars, and some with higher specifications, advertised at prices lower than its offer to Mr L. And I think several of these were close enough to Mr L's car's age, mileage and model to be persuasive.

So I think there are a range of asking prices for cars like Mr L's. But I think First Central's evidence shows that Mr L could replace his car for the valuation it provided. And so I'm persuaded that First Central's offer was fair and reasonable as it was made in keeping with our approach and the policy's terms and conditions. I don't require it to increase this.

## **My final decision**

For the reasons given above, 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 L to accept or reject my decision before 17 November 2025.

Phillip Berechree  
**Ombudsman**