

The complaint

Mr W complains about the amount Watford Insurance Company Europe Limited (“Watford”) valued his car for when he made a claim under his motor insurance policy.

What happened

Mr W had a motor insurance policy with Watford covering his car.

In April 2025 his car was vandalised. He contacted Watford and made a claim.

Watford assessed his car as being beyond economical repair and declared it a write-off. It said it would pay £1,220 to settle the claim. Mr W complained. Watford increased its valuation to £1,715. It deducted £135 from the value it appraised the car at because it had previously been a write-off.

Mr W pointed out that he has recently spent about £3,000 on repairs and improvements to his car, including work on the clutch and turbo.

Watford maintained its valuation.

As Mr W remained unhappy, he brought his complaint to this service.

Our investigator looked into his complaint and thought it would be upheld. He thought Watford should settle Mr W's claim at a value of £1,895. He also thought Watford should pay interest on the extra £180 at 8% simple and add a further £100 for Mr W's distress and inconvenience.

Watford agreed with the view, but Mr W didn't.

Because he didn't agree, his complaint has been passed 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 see from the file that Mr W has also complained about the value of wheels he'd fitted to his car, and that his policy was cancelled after he'd made his claim. He's also said he wasn't offered to retain his car after it was written off. I can't see that he's raised those complaint points to Watford, or that it's issued him with its final response, so I'm not able to consider those points here.

If Mr W remains unhappy about those extra points, he should continue to make a further complaint to Watford, and this service in due course, if he remains unhappy.

This decision only deals with the matter of his car's valuation.

Having read the file of evidence, I'm upholding this complaint. It's important I say to Mr W

that I'm not going to require Watford to pay him the extra amount he asked for. I do appreciate this will be a disappointment for him, and I'll explain why I've reached this decision.

This service doesn't provide valuations for vehicles, but looks to whether the insurer's offer is reasonable.

Our approach is to use trade guides to establish whether an offer is fair.

Watford's policy wording says it will pay:

"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."

I've done some research into the car and I've found these values for the month his car was damaged, which are based on a vehicle with the same specification and mileage:

Trade Guide A £1,895

Trade Guide B £1,355

Trade Guide C £983

It's this service's approach that, if an insurer wants to settle a claim lower than the highest trade guide valuation, then it should provide evidence why.

Watford didn't provide further evidence, or show how it arrived at the deduction mentioned above for the previous write-off status of Mr W's car.

Mr W has provided some evidence about the work he carried out on his car, which he said would mean it would run well for many years.

But I'm afraid that the work Mr W carried out on his car wouldn't necessarily increase its value above the "Market Value" described by Watford's policy wording. I've looked at what he's said and I think the work was maintenance related, which means it's work that would be normally expected for a car of its age and mileage.

I do understand Mr W's distress at this. He's spent a significant amount of money on his car and he feels he should have that spend considered as part of his claim. But I'm afraid

I've said above that I'm not considering Mr W's further complaint points in this decision, but I feel I can also comment that for this service to consider modifications like the replacement wheels Mr W fitted, these would likely have needed to be disclosed to Watford to be included in the valuation.

Without further evidence about the car's value from either party, I think Watford now needs to settle Mr W's claim at a market value aligned to the highest trade guide, which is £1,895.

Payments that have already been made can be deducted, and I think Watford also needs to pay 8% simple interest on the balance.

But I think Watford's service could have been better here, and it has caused Mr W distress and inconvenience. I've considered this and looked at this service's guidelines, and I think

the appropriate amount should be set at £100.

My final decision

My final decision is that I uphold this complaint. I direct Watford Insurance Company Europe Limited to:

- Pay Mr W £100 compensation for his distress and inconvenience.
- Settle Mr W's claim at a market value of £1,895 subject to the remaining terms and conditions of the policy. It's my understanding that an interim payment has already been made, so this can be deducted. Interest at 8% simple should be added to the balancing figure of £180, from the date Watford made the interim payment, to the date it makes this payment.

If Watford Insurance Company Europe Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr W how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Watford Insurance Company Europe Limited must pay the amount within 28 days of the date on which we tell it Mr W accepts my final decision. If it pays later than this, it must also pay interest on the amount 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 W to accept or reject my decision before 22 December 2025.

Richard Sowden
Ombudsman