

The complaint

Mrs D complains about how her insurer, Acromas Insurance Company Limited (Acromas) valued her vehicle as a total loss following an accident

Any reference to Acromas in this decision includes their agents.

What happened

In February 2025 Mrs D's vehicle was involved in an accident, involving a collision with a third-party vehicle, causing significant damage to the nearside of her vehicle. She contacted Acromas to tell them about the accident and make a claim. Acromas appointed an engineer to inspect the vehicle, concluding the extent of the damage, including structural and suspension damage, meant it was deemed unsuitable for safe repair and should be treated as a Category B total loss.

Acromas obtained valuations from three recognised industry valuation guides, which provided valuations of £2,407 (A), £2,079 (B) and £1,265 (C). A fourth valuation guide (D) didn't provide a valuation. Acromas took the average of the three valuations as the basis for their total loss settlement offer (£1,917).

However, Mrs D challenged the offer, saying the valuation from (C) was so significantly different from the other two, it should be disregarded. She thought a fairer valuation would be the average of the valuations from (A) and (B). The average would be £2,243 which, after deduction of the £450 policy excess, would mean a settlement figure of £1,793 (which she thought a reasonable request). She also provided examples of similar vehicles advertised for sale at higher prices than Acromas' valuation. So, she complained to Acromas.

Acromas didn't uphold the complaint. In their final response (March 2025) Acromas said they'd used the four recognised industry valuation guides to provide a valuation for Mrs D's vehicle. The average of the three guides that provided valuations was £1,917 (less the policy excess). Acromas considered this to be a fair offer (and in line with the approach of this Service). In making their settlement offer, Acromas said they'd taken account of the information on vehicle values into account, but the examples she'd provided weren't for similar vehicles, so they weren't able to use them to justify a higher valuation.

Mrs D then complained to this Service, unhappy at the valuation of her vehicle. She felt the inclusion of a significantly lower valuation from (A) was unfair, being so much lower than the other two valuations and affecting the average of the three. A's low valuation affected her ability to purchase a replacement vehicle like her own vehicle, which in turn affected her caring responsibilities.

Our investigator upheld the complaint, concluding Acromas hadn't acted fairly. She wasn't persuaded Acromas' settlement offer was fair because it was based on the average of the three guides, which wasn't the approach of this Service. The valuation of (C) was significantly lower than the other two guides, so it would be reasonable to exclude it. The investigator also thought Acromas hadn't done enough to persuade her their offer was enough for Mrs D to replace her vehicle. She thought a fairer approach would be to base a settlement offer on the higher of the two remaining guides (£2,407) less the policy excess. To

put things right, Acromas should pay Mrs D the difference between the valuation of £2,407 and what they had paid (£1,917) adjusted in both cases for the policy excess. Acromas should also pay interest on the difference from the date the settlement was first paid, to the date the difference was paid. The investigator also thought Acromas should pay £150 compensation for the distress and inconvenience caused to Mrs D.

Acromas disagreed with the investigator's view and requested that an ombudsman review the complaint. They considered they had provided substantial evidence to support their valuation being fair and reasonable.

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 Acromas have acted fairly towards Mrs D.

The key issue in Mrs D's complaint is the valuation of her vehicle as a total loss. She thinks it unfair for Acromas to base their settlement offer on the average of three industry valuation guides, one of which is significantly lower than the other two. She believes it fairer to base the valuation on the average of the two guides. Acromas maintain their offer is fair.

In considering the issue of the valuation of Mrs D'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 cost of replacing your car with one of the same make, model, specification, age, mileage and condition as your vehicle was immediately before the loss or damage you are claiming for."

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 Mrs D's vehicle. As set out earlier, Acromas obtained three recognised industry guide valuations, as follows:

- (A) £2,407
- (B) £2,079
- (C) £1,265

The age of Mrs D's vehicle, nearly 20 years at the time of the accident, meant this Service was only able to obtain equivalent valuation figures for (A), which was similar to that Acromas obtained for (A).

Acromas then took the average of the three valuations they obtained as the basis for their settlement offer of £1,917 (less the policy excess of £450).

However, this approach isn't in line with the approach we adopt as a Service which, as I've set out, is that we would expect insurers to base their offer on the highest of the guide valuations, unless there is other evidence to support a lower valuation. In this case, Acromas haven't provided any evidence to support their lower settlement offer, which as an average is significantly affected by the much lower valuation provided by (C). Mrs D has provided two

examples of vehicles advertised for sale of the make and model (and roughly age) of her vehicle. But both aren't for equivalent fuel type and engine size (in one case) and the other example wouldn't, on its own, be sufficient to persuade me that the highest guide valuation was unfair. The lack of advertised vehicles for sale may well reflect the age of Mrs D's vehicle, which could mean there are fewer vehicles of such an age still on the road.

So, I've concluded Acromas haven't acted fairly and reasonably in their settlement offer. I've then considered what Acromas should do to put things right. As their offer was less than the highest guide valuation, then they should increase their offer to the £2,407 valuation provided by (A), less the policy excess of £450. That would indicate an increase of £490 compared to their settlement offer of £1,917 (less the policy excess). Assuming they have already paid their settlement offer to Mrs D, they should also pay interest on the additional settlement amount, from the date they paid their original settlement to the date they pay the additional amount, as a rate of 8% simple.

I've also considered the distress and inconvenience suffered by Mrs D from Acromas acting unfairly, making a settlement lower than was fair and reasonable. Taking account of what she has told us about the impact, including on her caring responsibilities, and the published guidelines on awards for distress and inconvenience published by this Service, then I've concluded £150 compensation would be fair and reasonable.

My final decision

For the reasons set out above, my final decision is that I uphold Mrs D's complaint. I require Acromas Insurance Company Limited to:

- Pay Mrs D an additional settlement of £490 for the total loss of her vehicle (assuming they've already paid their original settlement offer based on a valuation of £1,917).
- Pay interest on the additional £490 from the date they paid their original settlement to the date they pay the additional £490 (again assuming they have already paid the original settlement).
- Pay Mrs D £150 compensation for distress and inconvenience.

Acromas Insurance Company Limited must pay the compensation within 28 days of the date we tell them Mrs D 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 Mrs D to accept or reject my decision before 20 October 2025.

Paul King
Ombudsman