DRN-5776840

The complaint

Miss H has complained about Royal & Sun Alliance Insurance Limited. She isn't happy about the valuation of her car after it was deemed a total loss following a claim under her motor insurance policy and the poor service she received.

What happened

Miss H made a claim under her motor insurance policy and her car was deemed a total loss. When RSA looked to settle the claim Miss H wasn't happy with the valuation of her car.

RSA looked to value Miss H's car after it was written off by looking at a number of the various motor valuation guides in order to gauge the market value of her car. It offered Miss H just under £1,800 (less her policy excess) which was the average of the guides (which was below the highest guide price it found) less a 20% deduction as her car had previously been deemed a total loss. When Miss H complained to RSA about this, as she believed her car was worth about £3,500, it maintained its position that its offer was a fair market value. Although it offered £250 by way of compensation for its poor service and claim handling.

Our Investigator looked into things for Miss H and partly upheld her complaint. He looked at the available motor valuation guides for Miss H's car from around the time of claim and thought the fairest thing to do in this instance was to pay Miss H the highest of the trade guide valuations he found (£2,450) and he didn't feel the deductions it made for the car being a previous write off and for the small amount of pre-existing damage (PED) was fair. This was because he didn't think RSA had provided sufficient evidence to show that a lesser overall valuation was fair. Although he accepted that the service RSA provided was poor, he thought its offer of £250 compensation was fair for this.

As RSA didn't agree the matter has been passed to me for review.

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 agree that this complaint should be partly upheld. I'll explain why.

This Service has an approach to valuation cases like Miss H's which has evolved in recent times. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions. I pay attention to the various trade valuation guides used for valuing cars. And I look at any other evidence provided by both sides, such as advertisements or details about the condition of the car.

Valuing second-hand cars is far from an exact science and it isn't my role to value Miss H's car. I'm just looking to see if RSA has acted reasonably in providing a fair market value of her car and, overall, I think its valuation wasn't fair.

Ultimately, the policy requires RSA to compensate Miss H, the policyholder, for the market value of her car. The policy defines market value as '*The cost of replacing your car with a car of the same make, model, specification, mileage and age in a similar condition as your car was immediately before the loss or damage you are claiming for'.*

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations – which is also our starting point for most valuation complaints. And I've looked at the available guides to assess whether RSA's offer is fair and reasonable. I have reviewed various guides, which gave values of £2,080, £2,450 and £1,692. And looking at the valuations produced by the guides, I'm not persuaded that RSA's valuation offer of £1,760 (before deducting 20% as Miss H's car was previously declared a total loss and an amount for PED) is fair. I note that RSA's own valuation figures differed slightly, but I agree that the detail it provided about the valuations isn't clear, so I think the valuation guides gained by our Investigator feels fair.

In looking at the guides they have produced valuations which vary from the lowest to the highest. RSA's offer sits towards the lower of the values produced by the guides, but it hasn't shown why its offer is fair, or that Miss H can replace her car with a similar one for the amount offered. And, as our Investigator has explained, I would need to see some evidence that the 20% reduction is fair and the singular advert for a different car that RSA has provided doesn't support this. Additionally, I don't feel RSA has evidenced that the small bumper damage on Miss H's car would impact the value of her car given its age. I would agree if her car was far newer that this could affect the overall valuation, but I don't think this would impact the value on a car that is over 15 years old like Miss H's.

In these circumstances, to be satisfied RSA's offer represents a fair valuation, I'd expect to have been provided with other evidence (for example, adverts for cars for sale around the time of the loss or expert reports) to support that a lower valuation point is appropriate. I'd need to be satisfied that this evidence is relevant and persuasive before accepting that a lower valuation should be used. And supporting evidence regarding the additional reductions which it hasn't provided in a detailed way.

So, as RSA haven't provided any other evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate or clearly evidenced that a deduction for PED or of 20% is fair, and to avoid any detriment to Miss H, the highest valuation produced by the guides is my starting point.

Given this, I think RSA's deduction of 20% doesn't feel fair and neither does the deduction for PED, especially given her car is older and the damage is minimal. And I think the highest valuation guide feels fair here meaning I think RSA should pay Miss H £2,450 (less her policy excess) as a fair market value, adding 8% simple interest for the time she has been without the shortfall of money owed.

I've also looked at the service provided to Miss H throughout the duration of her claim, and I note that this was a particularly difficult time for Miss H. And there were clearly other issues that Miss H faced including a delay of dealing with the claim and an incorrect decline of the claim during the early stages. However, I think RSA's offer of £250 compensation for all of this feels fair in the circumstances.

My final decision

It follows, for the reasons given above, that I uphold this complaint.

I require Royal & Sun Alliance Insurance Limited to pay Miss H £2,450 (less her policy excess) as the market value of her car and 8% simple interest on any shortfall from the date of the interim payment until the date of settlement. In addition to the £250 compensation it has already offered.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss H to accept or reject my decision before 26 September 2025.

Colin Keegan
Ombudsman