

The complaint

Mr B complains UK Insurance Limited (“UKI”) hasn’t offered to settle his claim on his commercial motor insurance policy fairly as it hasn’t valued his car correctly after it was deemed beyond economic repair following an accident.

All references to UKI includes its agents.

What happened

Mr B took out a commercial motor insurance policy in May 2018 to cover his van. In December 2018, he was involved in a road traffic accident with a third party. The third party admitted fault and Mr B and UKI agreed he’d go through the third party’s insurer (who I’ll call the “TPI”) to settle the claim.

Mr B has provided a letter from the TPI from around April 2019 offering him £6,250 to settle the claim as it said this was the pre-accident value of the van. And around two weeks later, Mr B let UKI know he wanted to continue with the claim through his own cover.

Because UKI was settling the claim, it assessed the market value of Mr B’s van. It’s given us an internal screenshot to show us the data used and considered to determine the value. And having done so, it offered Mr B £4,110 as the market value of his van to settle his claim. This amount was paid around July 2024.

Unhappy UKI didn’t match the TPI’s offer, Mr B made a complaint. UKI said it used industry recognised guides to calculate the vehicle value and arranged for an engineer to review the value previously reached. It highlighted that it wouldn’t be able to match the TPI’s valuation nor discuss with the TPI how that valuation was reached. But once it reviewed things, it offered Mr B an additional amount of around £698. It said it previously used the mid-range value shown in the industry guide but it had increased this to the higher valuation showed. It also said it relied on adverts for similar vans sold around the time of the accident.

Mr B still didn’t think this offer was fair so he asked our Service to look into things. In the meantime, he provided copies of adverts he’d found of similar vans being sold around the date of his loss. He said he didn’t think the adverts UKI had provided were of vans which were of a similar specification or mileage to his.

Our Investigator went back and forth on the outcome of the complaint but she ultimately upheld it. She said the adverts Mr B had provided were of vans which were more similar to his than the ones provided by UKI. Whilst she recognised the adverts showed advertised prices rather than sold prices, she thought they showed the offer UKI had made was too low.

As a result, our Investigator didn’t think UKI had clearly shown how it reached the valuation it did, particularly considering how much lower it was than the TPI’s. And she didn’t think it had investigated or taken the other available information – Mr B’s adverts and the offer made by the TPI – into account when reaching a valuation. So she recommended UKI increase its offer to match the TPI’s valuation and pay Mr B £100 compensation.

UKI didn't accept our Investigator's opinion. It said it used the available guides to reach a valuation and the adverts Mr B had provided weren't a like for like comparison with his van. It didn't think there was enough evidence to support it increasing its offer. As the complaint wasn't resolved at that stage, it was passed 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.

Based on everything I've seen, I've decided to uphold this complaint for broadly the same reasons as our Investigator. I'll explain why.

Our Service doesn't provide valuations for vehicles but instead, it's my role to look at whether UKI's offer in this case 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, immediately before the time of the damage or loss.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor valuation guides most persuasive. But we also take all other available evidence into account, for example, advertised prices of similar vehicles.

Our Investigator didn't think UKI's offer was fair and reasonable taking into account advertised prices and the motor valuation guides available from the time and an additional guide from around May 2020 (as that was as far back as she could go).

After Mr B raised a complaint, UKI offered him a settlement of £4,798 which was made up of the highest of the valuations it got from one guide and an additional amount to reflect the low mileage Mr B's car had. UKI also said it had found vans which were also advertised for similar amounts or less than this. I've looked at the adverts UKI provided and I can see some are for vans with significantly higher mileage than Mr B's and they are all manual whereas his was an automatic transmission.

Mr B has also provided adverts for similar vans advertised at higher prices. They are all for automatic vans with a range of mileage. I can see the van with the closest mileage was for sale at a much higher price (£6,500) than UKI valued Mr B's van at, instead, it's much closer to the value provided by the TPI. And whilst I don't think any of the advertised vans Mr B's given us are a like-for-like match with his van as they are from different years, I think some are a closer comparison to his van than the adverts provided by UKI.

The TPI offered Mr B £6,250 as the pre-accident value of his van. UKI gave us a letter which said this valuation took into account the value-added extras Mr B's van had whereas I can't see that UKI's offer does. I don't have information about how this value was reached but I don't think it's unreasonable to expect UKI would've looked into it when Mr B disputed things. I say this because UKI's notes suggest it had limited information to determine the market value of Mr B's van, whereas the TPI calculated the value at the time of the loss, using the information available at that time.

Based on everything I've seen in this case, I'm persuaded by the adverts provided by Mr B and TPI's offer, that UKI's offer doesn't fairly reflect the likely market value of Mr B's car. And I think it could've done more to reach a fair valuation. I don't think UKI's offer would've enabled Mr B to replace his car with a similar one at the time of the loss, so I don't think it's reasonable.

Due to the time that's passed since the date of loss, our Investigator recommended UKI settle the claim in line with the valuation offered by the TPI in 2019 - £6,250. And considering the limited information available to work out the fair market value of Mr B's van – and that it's within the price range of the most similar van advertised, I think that's fair.

I appreciate this claim has been going on for a number of years. But from what I've seen, a lot of this delay wasn't down to UKI. Nevertheless, I think it could've done more to listen to Mr B in 2024 when it reviewed its offer and he's been inconvenienced as a result. UKI has already accepted our Investigator's recommendation to pay Mr B £100 as compensation to make up for this and I think that's fair in this case.

Putting things right

To put things right in this case, I direct UKI to:

- Settle Mr B's claim using the market value of £6,250.
- Add 8% simple interest to the difference between the £4,110 paid around July 2024 and the new valuation of £6,250 from the date it made the initial payment to the date of settlement.* I understand UKI has already made a payment of interest when it paid Mr B what it thought was the fair market value in 2024. So it can deduct this amount when calculating what is now owed.
- Pay Mr B £100 as compensation to make up for the inconvenience he's been caused.

* If UKI considers that it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mr B how much it's taken off and give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs.

My final decision

For the reasons given, I uphold Mr B's complaint and direct UK Insurance Limited to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 November 2025.

Nadya Neve
Ombudsman