

The complaint

Mr A complains about how his insurer, AA Underwriting Insurance Company Limited (AA), valued his vehicle as a total loss following an accident.

Any reference to AA in this decision includes their agents.

What happened

In June 2025 Mr A was involved in an accident, causing significant damage. He reported the incident to AA, who arranged for his vehicle to be recovered and assessed. The assessment was the vehicle was beyond economic repair and would be written off as Category S. AA also deemed the accident to be non-fault on the part of Mr A. AA said they had assessed the market value of the vehicle at £14,600, based on an average of three recognised industry valuation guides ([A] £13,550 [B] £14,040 and [C] £15,131).

Mr A was unhappy at the valuation, saying it was too low for the make, model and specification of his vehicle. He provided examples of vehicles advertised like his own, at higher prices. But AA said they were different to his vehicle, so didn't support his view his vehicle had been undervalued. AA said they wouldn't be increasing their valuation, so Mr A complained.

AA didn't uphold the complaint, saying they had used the correct vehicle details for Mr A's valuation when determining their valuation of £14,600. They had also used recognised industry valuation guides.

Mr A then complained to this Service, unhappy at the valuation of his vehicle, which he said the AA had calculated incorrectly. The examples they provided of vehicles advertised for sale (with one exception) were the wrong model and specification compared to his vehicle. He thought AA should base their valuation on the same model and specification. AA's valuation was £14,600 whereas he was expecting the valuation to be around £19,000. This meant he couldn't afford to replace his vehicle with one that was like-for-like.

When providing their business file for us to investigate Mr A's complaint, AA made a pro-active offer to settle the complaint, increasing their offer to £15,131 (the highest of the three valuations from the recognised industry guides they'd used, rather than the average). Mr A rejected the offer, saying he thought his vehicle valuation should be about £17,995. So, our Service investigated the complaint.

Our investigator didn't uphold the complaint. She obtained valuations from four recognised valuation guides used by this Service. The valuations ranged from £13,460 to £15,284 (the latter was the same guide used by B and the basis of their pro-active settlement offer. As AA's offer was close to the highest valuation from the guides accessed by this Service, she was persuaded it was a fair valuation that would allow Mr A to purchase a replacement vehicle in line with the policy terms.

She considered the evidence provided by Mr A, particularly examples of vehicles advertised for sale. But she wasn't persuaded a valuation higher than the valuation provided by AA

(from the highest valuation from the guides) was more appropriate. The examples weren't all the same model, fuel type or [similar] mileage. The examples from AA included one similar for £13,499. So, Mr A could purchase a replacement with the revised offer from AA.

Mr A disagreed with the investigator's view and requested that an ombudsman review the complaint. He said his vehicle was a very hard to find model with its specification. He referred to two specific examples from those he provided with the exact same mileage, albeit with a newer plate (for the same calendar year of registration). He also provided three further examples of vehicles advertised for sale which he said supported his case.

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 AA has acted fairly towards Mr A.

The key issue in Mr A's complaint is the valuation of his vehicle as a total loss. He thinks AA's valuation is unfair and doesn't reflect the precise model and specification value of his vehicle. AA say their valuation is fair, being based on the highest of the three recognised industry valuation guides they used to value Mr A's vehicle.

In considering the issue of the valuation of Mr A'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 the insured car with one of the same make, model, age, mileage, specification and condition at the date of accident or loss."

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 Mr A's vehicle. AA obtained three valuations from recognised industry guides as follows:

- (A) £13,550
- (B) £14,040
- (C) £15,131

Initially, AA offered Mr A the average of the three valuations but made a pro-active settlement of £15,131 when providing us with their business file. That is, they increased their offer to the highest of the three valuations. Which is in line with our starting point for valuations and the insurer's offer. That is, the revised offer from AA is based on the valuation from C (it is very close to the figure we obtained from C). So, we would start from the premise the offer was fair, given that the valuation guides use data from across the market as a whole when producing a valuation for a vehicle make and model, based on the vehicle registration of the vehicle being valued, make, model, specification and mileage at the time of the loss.

Mr A has provided adverts of vehicles advertised for sale, which he says show the valuation of his vehicle by AA is too low. He says a fair valuation would be around £17,995.

I've looked at the examples provided by Mr A, discounting those with a higher engine size or power output or of a different fuel type (petrol, rather than diesel – the fuel type of Mr A's vehicle). There are examples of the model, specification and mileage like those of Mr A's vehicle with advertised selling prices higher than the valuation guide figure from C.

However, they don't persuade me that the figure from C, as the highest guide price, is unfair. I accept that there may be vehicles advertised at a higher price, similar to Mr A's vehicle, but this doesn't of itself mean the guide valuation figure is wrong or unfair, given they are based on information from similar vehicles across the market, not just individual vehicles advertised for sale, even where they are at higher figures.

So, I've concluded AA have acted fairly and reasonably in their proactive settlement offer and I won't be asking them to increase their offer. From what Mr A has told us, AA have made payment of the offer, so I won't be asking them to take any further action.

My final decision

For the reasons set out above, my final decision is that I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 11 February 2026.

Paul King
Ombudsman