

The complaint

Mrs H has complained that One Insurance Limited (OIL) undervalued her car when settling a claim on her motor insurance policy.

Mrs H's policy is branded in the name of the insurance intermediary that offers it. The policy explains that a second intermediary handles claims. However, OIL is the policy underwriter. As such it remains responsible for claims decisions and complaints about those. So, in this decision, I will only refer to OIL even where the actions were taken by an intermediary on its behalf.

What happened

Mrs H was in a serious accident that wasn't her fault. She claimed on her policy and OIL deemed her car to be a total loss. It valued the car at £5,760.

Mrs H didn't think that was a fair settlement. After looking at her concerns OIL increased its valuation by £4. After deducting her £250 excess it paid her £5,514 in settlement for the loss of the car.

Mrs H brought her complaint about that to the Financial Ombudsman Service. One of our Investigators looked into it. She thought that OIL should increase its valuation to £5,958. So she said OIL should pay Mrs H the difference in the valuation and add simple interest to its payment.

OIL didn't agree with our Investigator's complaint assessment so, as the issue remains unresolved, it's been passed to me to determine.

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.

Mrs H believes that OIL undervalued her car when settling her claim.

I'll explain that assessing the market value of a car is not an exact science. And it's not my role to value vehicles, rather my role is to see if a business has handled matters fairly and reasonably.

Mrs H's policy says that in the event her car is deemed a total loss OIL will pay her the car's market value. The policy defines market value as:

“The cost of replacing your car, if this is possible, with one of a similar make, model and specification, taking into account the age, mileage and condition of your car, immediately before the loss or damage happened. In assessing the market value of your vehicle, reference will be made to insurance industry recognised guides of vehicle values as well as searching for available vehicles being offered for sale to the general public.”

When looking into these types of complaints we check trade guides (which I've referred to by their initials below), adverts and other relevant evidence. We generally find the guides most persuasive as they're based on nationwide research of likely selling prices. So, they're often more reliable than individual adverts. And I've considered if OIL's offer to settle Mrs H's claim is fair and in line with the policy terms and our general approach.

Given the competitive market for second-hand vehicle sales, and to minimise the risk of detriment to the policyholder, the Financial Ombudsman Service feels that the starting point for any settlement should be the highest valuation returned by the trade guides. Then, if an insurer wants to pay less, it will have to evidence why that is fair. It might be that there's persuasive evidence, for example from adverts or other independent reports, which suggests that another value, lower or higher, is fair in the relevant circumstances.

In this instance OIL used two industry recognised trade guides to value Mrs H's car. Those gave valuations of G: £4,950 and P: £5,764. Having considered those OIL initially valued the car at £5,760. But after Mrs H complained OIL increased the valuation to £5,764.

In order to decide if OIL's valuation was fair we've looked at valuations produced by two other recognised trade guides. Those produced valuations of C: £4,825 and A: £5,958.

As I've said above, the starting point for any settlement should be the highest valuation returned by the trade guides. OIL's valuation falls below that. But, generally, where an insurer's valuation is very close to the highest guide price we might say it was reasonable to use that figure. That is as long as the sum is supported by other evidence such as adverts or expert reports.

OIL didn't refer to any adverts to support its valuation when communicating with Mrs H. However, it did have on file three adverts for cars with one being advertised at £4,990, and the other two both at £5,995. And while they were all of slightly lower mileage than Mrs H's car, those adverts would support a value in line with trade guide A.

In response to our Investigator's complaint assessment OIL has produced five other adverts with three cars advertised at £5,495, one at £5,500 and another at £5,595. In contrast Mrs H provided us with details of three cars she saw advertised for £7,195, £7,295 and £7,495. So she still thinks that trade guide A's valuation is on the low side.

I haven't been persuaded by either Mrs H's evidence or OIL's recent adverts. From the adverts its shown, three of the cars are annotated by the publisher as "lower price" which signifies that they might not be indicative of market value. And taking into consideration Mrs H's evidence, I'm not persuaded that the two other adverts alone are a true measure of market value, especially as two of the three adverts OIL already held on its file were for higher prices than those.

I'll also briefly comment that when responding to our Investigator's complaint assessment OIL referred to two other cases the Financial Ombudsman Service has considered which it thinks supports its position. But, both those cases were assessed by Investigators not Ombudsmen. So the Investigators were making recommendations rather than making potentially legally binding decisions. In any event, as OIL should be aware, while we do try and take a consistent approach we must also consider each individual case on its specific merits. That means our cases do not set precedent and I'm not bound by what others have said before me

Similarly, Mrs H indicated that, in her local area there are fewer cars on the market which inflates their prices. I haven't looked to see if there are regional variations in the prices of such cars. That's because Mrs H's policy defines market value broadly as being vehicles offered to the general public. It doesn't refine that only to the area where Mrs H lives. So I don't think the fact that Mrs H says she couldn't find another car locally means OIL should increase its valuation above a fair national market value. Indeed, it's not unusual for consumers to buy cars from other parts of the country.

In these circumstances, where there is clearly a fairly broad range of advertised prices. I'm satisfied it's reasonable to apply our standard approach here. I think a fair valuation is the highest of the trade guides which is £5,958. So I think OIL should increase its valuation to that sum and pay Mrs H the difference, which I calculate to be £194. And as she's been

without the use of those funds it should add simple interest to the amount paid from the date it initially offered to settle the claim to the date it makes payment to her.

I'm aware Mrs H is also unhappy that, given that the accident wasn't her fault, OIL deducted her policy excess of £250 from its claim settlement. However, Mrs H's policy says that her excess is the amount she must pay towards a claim. So it's not covered by her policy and is technically an uninsured loss. If she hasn't already done so she may be able to recover this loss directly from the third party's insurers. But as it isn't covered by the policy OIL acted reasonably in reducing her settlement by this sum.

Mrs H is also dissatisfied as she was without her car for around a month after the incident. But I don't think OIL delayed in handling the claim. It seems it was first notified of the claim on 5 June 2025 and made an offer of settlement on 20 June 2025. It asked for bank details to make an interim payment only three days later. I think that's a reasonable period to handle such a claim.

Also Mrs H's policy doesn't entitle her to a courtesy car if her car was a total loss. So, OIL wasn't required to offer her one under the terms of the policy. And, in any event, I note that she told OIL that she didn't require a hire car. So I don't think OIL acted unfairly here.

Putting things right

I require OIL to increase the valuation of Mrs H's car to £5,958 and pay Mrs H the £194 difference in valuations. It should add simple interest to its payment at a rate of 8% a year from the date of its first settlement offer to the date it makes payment to her.

My final decision

For the reasons given above I uphold this complaint. I require One Insurance Limited Insurance Limited to take the steps set out above under the heading 'putting things right'

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 19 February 2026.

Joe Scott
Ombudsman