

The complaint

The complainant, Mr V, complains about the amount First Central Underwriting Limited has paid to settle a claim he made on his car insurance policy. Mr V wants First Central to increase the amount of the settlement.

What happened

In July 2025 Mr V contacted First Central to make a claim after his car was damaged outside his home. First Central said it would settle the claim by paying him the car's market value, less his excess of £150.

First Central initially valued the car at £1,932. Mr V rejected this amount and supplied adverts from his local area which he said showed he couldn't replace the car for the amount First Central had valued his car at.

After this, First Central re-assessed the market value of the vehicle and returned a figure of £2,624, which Mr V rejected. Mr V said he'd looked to source a car in his local area and could not find listings for a like-for-like vehicle at that price. So he thought a fairer settlement figure was £3,700.

First Central reviewed this as a complaint and declined to increase the figure, so Mr V asked this Service to review the case.

Our investigator gave their view that First Central acted reasonably. Mr V remained unhappy with this response, so has asked for an Ombudsman to assess the complaint.

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.

I've decided to not uphold this complaint, and I'll now explain why.

Firstly, I want to address Mr V's point of view that his policy should have provided him with a like-for-like vehicle and put him back in the financial position he was before the incident. This is not what the insurance policy is designed to do. The policy wording states that:

"The insurer will not pay more than the market value of your car at the time of the loss or damage, less the total excesses and any unpaid premium."

In deciding this complaint, I need to establish whether First Central acted fairly and reasonably in the way it's assessed the market value for Mr V's car.

The policy wording defines market value as:

"The cost of replacing your car with one of a similar make, model, age, mileage and condition based on market prices at the time of the accident or loss. This may not be the same price you originally paid for your car or the value you declared on the Statement of Fact."

First Central valued Mr V's vehicle by using valuation guides. It's common for insurers to use valuation guides to value vehicles and it's not unreasonable they do so, as they are based on a review of similar vehicles for sale in the market. In addition, the engineer has provided adverts to confirm that the guides are returning a fair figure. I've thought about whether this is fair.

These listings are for a similar make, model and mileage to Mr V's vehicle, and the values range from £1,650 to £2,500. Therefore, I conclude that First Central acted reasonably in arriving at their settlement value. Additionally, I note that the settlement figure was the highest from the available guides, further indicating that First Central's approach was fair.

I recognise Mr V has stated that, he was not able to find a similar vehicle at this price in his local area. But, that doesn't mean First Central's central valuation is unreasonable. First Central wasn't required to replace Mr V's vehicle like-for like but to cover the loss relating to the damage - i.e. pay the market value. While a vehicle of the same age, price mileage and specification wasn't available in Mr V's local area, it doesn't mean First Central's valuation was unreasonable.

Mr V has raised concerns that, when he searched for vehicles in the range of the settlement offer, he noticed bodywork damage and a non-ULEZ compliant vehicle and was concerned about the risk of purchasing a vehicle only for it to be in poor condition or unreliable.

Buying a used car always contains an element of risk, and I am not persuaded that the results of these searches have meant that First Central's approach to searching the whole market using a combination of valuation guides and advertisement listings is unfair or unreasonable.

Mr V is also unhappy that the listings he supplied were not used to determine the market value of his vehicle. I have reviewed these listings, and they are listings for cars of a higher specification and/or significantly lower mileage. So, I don't think they're a fair reflection of MrV's car's market value.

My final decision

For the reasons I stated above, it's my final decision that I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 5 March 2026.

Joshua Clement
Ombudsman