

## The complaint

Mr H complains that U K Insurance Limited (“UKI”) mishandled his claim on a motor insurance policy.

## What happened

The subject matter of the insurance, the claim and the complaint is a sports utility vehicle, first registered in 2020.

Mr H acquired the car in 2024, subject to an agreement with a finance company.

For the year from late May 2025, Mr H had the vehicle insured on a comprehensive policy with UKI. Any claim for damage (except a windscreen claim) was subject to an excess of £500.00.

Unfortunately, Mr H reported to UKI that on about 21 July 2025, a third party had accidentally damaged the vehicle. UKI said that it was a total loss.

UKI said that, before the accident, the vehicle had damage to a rear wheel arch. UKI said that the vehicle’s pre-accident value had been as follows:

pre-accident value (without pre-accident damage)	£8,240.00
less pre-accident damage	£ 48.00
pre-accident value	£8,192.00.

In late July 2025, Mr H owed the finance company about £8,500.00 on the vehicle.

On 30 July 2025, UKI sent payment to the finance company as follows:

pre-accident value	£8,192.00
less excess	£ 500.00
payment	£7,692.00.

So there was a gap between what Mr H owed and what UKI paid to the finance company.

By 1 August 2025, Mr H complained to UKI that it was under-valuing the vehicle. He also complained that UKI should refund the excess.

UKI reviewed the valuation. By a final response dated 15 August 2025, UKI turned down the complaint about valuation. It apologised for not previously submitting its outlay to the third party’s insurer and said it was sending £50.00 to Mr H.

Mr H brought the complaint to us straight away.

Our investigator didn't recommend that the complaint should be upheld. He thought that UKI had provided a fair settlement payment.

Mr H disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- The presence of multiple recently- installed, warranted components materially enhanced the vehicle's market value at the time of the accident.
- The damage to the rear wheel arch was located near the impact zone.
- He would appreciate more proactive updates from UKI on recovery from the third party's insurer, which has already admitted liability.
- The principles of Consumer Duty require a more holistic consideration of customer impact. In this instance, the shortfall between the settlement and the finance balance has placed him in financial difficulty, and adequate support hasn't been provided to mitigate this.

### **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.

#### Scope of this decision

The Financial Conduct Authority's dispute resolution rules are binding on the Financial Ombudsman Service. One such rule is that, before we can investigate a complaint, the consumer must first have made that complaint to the regulated firm and waited for up to eight weeks for a final response.

It sometimes happens that a consumer makes a complaint to the firm, receives a final response and brings the complaint to us- with the addition of more recent points of complaint. In such circumstances, we can investigate the initial complaint, but we can't include the more recent points of complaint in the same investigation.

Mr H has complained about (further) delay in pursuing the third party, after the final response dated 15 August 2025. Under the rule I've referred to, I can't include any findings on that complaint in this decision.

#### The £500.00 excess and recovery from the third party

UKI's policy terms included the following:

*"We won't charge an excess if:*

- *You're in an accident that we believe is not your fault and we can make a full recovery of our costs. Sometimes you may have to pay the excess while we're looking into the claim, but we'll refund it once it's proven you're not to blame and we can recover our costs"*

So UKI agreed not to charge an excess if, first, it was satisfied its policyholder wasn't at fault for the accident and, secondly, it could recover its costs.

From what I've seen, UKI believed that the accident wasn't Mr H's fault. However, at the time of the final response, UKI hadn't made a full recovery of its costs from the third party or their insurer.

So I don't consider that UKI had to waive or refund the excess at that time. And I don't find it fair and reasonable to direct in this decision that UKI should waive or refund the excess.

#### Pre-accident valuation

The policy required UKI to pay Mr H the vehicle's "*market value*" defined as follows:

*"The cost of replacing your car with another of the same make and model, and of a similar age, mileage, and condition at the time of the accident or loss"*

We'll consider all available evidence to assess whether an insurer acted in line with the policy terms and paid a fair market value for the policyholder's vehicle.

I don't accept that consumer duty extends as far as requiring an insurer to pay an amount sufficient to clear the amount that the policyholder owes to the finance company for the vehicle.

I've noted the make, model, age, mileage and condition of Mr H's vehicle before the accident.

For Mr H's vehicle, I've seen retail figures in the trade guides as follows:

Glass's	£7,320.00
CAP	£8,225.00
Percayso	£8,260.00
AutoTrader	£8,374.00

The highest three of those figures are all within £150.00 of each other. UKI's figure is very close to the highest figure.

Mr H contends for a higher figure, based on newly-replaced parts of the vehicle. However, replacement is often of parts that have failed or are worn. So replacement often maintains the functionality and value of the vehicle, rather than enhancing its value. And Mr H has fallen short of providing enough detail and evidence to show that his replacements enhanced the value of the vehicle.

I've considered the additional evidence of valuation in the form of the advertisements provided by Mr H and UKI.

Mr H provided five adverts. Of those, the highest two were for vehicles with significantly lower recorded mileage than Mr H's vehicle. The third highest had an asking price that was higher than would be in line with the others. The fourth highest had an asking price that was later reduced. And the fifth had lower recorded mileage than Mr H's vehicle.

So I don't find those adverts persuasive of a value higher than the trade guides.

I accept that UKI's advertisements show three vehicles closely comparable to Mr H's for sale at under £8,000.00. So I'm satisfied that UKI has provided enough evidence to show that its

valuation of £8,240.00 would have been enough to enable Mr H to purchase a like- for- like replacement vehicle.

UKI had an engineer's opinion that an incident had damaged the rear wheel arch before the accident on about 21 July 2025. And it deducted only £48.00.

I accept that the damaged car is no longer available for inspection. However, a photograph of the wheel arch remained available. Mr H could've instructed an engineer to give an opinion on the cause of damage to the wheel arch.

Mr H hasn't provided enough evidence to persuade me that the accident on about 21 July 2025 damaged the rear wheel arch. So I don't consider that the deduction of £48.00 was unfair.

Overall, I don't consider that UKI undervalued Mr H's vehicle or made unfair deductions for the excess or for pre-existing damage. So I don't find it fair and reasonable to direct UKI to pay Mr H any more or to do any more in response to this complaint.

### **My final decision**

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct U K Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 February 2026.

Christopher Gilbert

**Ombudsman**