

The complaint

Miss T complains about the valuation that One Insurance Limited placed on her car after it was stolen and recovered damaged beyond economical repair. She wants it to pay her a fair settlement. Miss T is also unhappy with its level of service.

What happened

Miss T's car was damaged after it was stolen. When it was recovered One Insurance declared it to be beyond economical repair. One Insurance eventually offered Miss T £4,495 less the £400 policy excess in settlement of her claim after it considered the adverts Miss T provided. But Miss T thought her car was worth more as shown by the adverts for similar cars for sale.

One Insurance agreed that its communication with Miss T had been poor and it paid her £75 compensation for the trouble and upset this had caused. But it declined to increase the valuation further.

Our Investigator didn't recommend that the complaint should be upheld. He thought One Insurance's valuation was fair and reasonable as it was made in keeping with our approach and it had justified its decision to pay less than the highest valuation provided by the motor guides we use. He thought One Insurance had shown that Miss T could replace her car for this amount. He thought One Insurance's communication had been poor, but he thought its offer of compensation for this was fair and reasonable.

Miss T replied that she felt that One Insurance had handled the claim poorly and hadn't accommodated her particular vulnerabilities. She thought it hadn't taken her word for the car's mileage at the date of the theft. She thought One Insurance's adverts for similar cars included those from private sellers which didn't provide finance or a warranty.

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 can understand that Miss T wants a fair settlement for the loss of her car. Miss T's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet 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".

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer 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 across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought One Insurance's settlement offer was fair and reasonable. So I've checked how he came to this conclusion. I can see that he looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Miss T's car at the date of its loss.

I can see that there was initial disagreement about the car's mileage at the date of the theft. Miss T had said she had noted this at the time to be 79,000 miles. The car was recovered after a month. And One Insurance used an estimated mileage of 81,000 in its valuations. But our Investigator thought 79,000 was reasonable based on the car's mileage at its last MOT, Miss T's stated annual usage, and that it was used after it was stolen. One Insurance now accepts that this is plausible, so I won't consider this further.

The valuations that the Investigator found in the guides, using a mileage of 79,000, ranged between £4,195 and £5,149. One Insurance had provided a valuation of £4,495, which was towards the lower end of the valuations provided by the guides. Our Investigator had quoted a valuation of £4,395. But I can't see where this is stated in One Insurance's file, so I think it must be a typo.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And this is the case here. And we think going by close to the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification.

So we now expect insurers to pay close to the highest of the valuation guides, unless they are able to provide us with evidence (for example, adverts for cars for sale around the time of the loss or reports from experts etc.) which supports a lower valuation.

One Insurance provided five adverts for similar cars for sale. I note that two were being sold privately. But the policy's terms and conditions provide for the cost of a replacement. They don't make allowance for how this is financed or warranted. The advertised prices for these cars ranged between £3,750 and £4,395.

Some are marked "Lower price" and "Good price", indicating that the price isn't typical for this car. But I note that the selling prices are all below One Insurance's valuation with two cars having much lower mileages and one with extras. So this doesn't mean that One Insurance's valuation is too low. I find these adverts to be persuasive because the cars have the same specification as Miss T's car, have similar or lower mileage, and are of the same year or newer.

I acknowledge that Miss T has provided adverts for similar cars advertised at higher prices. But I'm satisfied that One Insurance's evidence shows that Miss T could replace her car for its valuation. And so I'm persuaded that One Insurance's valuation was fair and reasonable as it was made in keeping with our approach and the policy's terms and conditions. I don't require it to increase this.

One Insurance paid Miss T £75 compensation for its service failings. I can see that it wasn't clear that its settlement offer didn't include a deduction for the policy excess. But this was corrected. Miss T said she was caused frustration by the online chat and she didn't receive a promised call back from a manager. And I acknowledge that dealing with a claim can be a stressful experience. But I think One Insurance's compensation was fair and reasonable as it

was in keeping with our published guidance for the impact caused by its error. I don't require it to increase this.

Miss T said One Insurance didn't take into account her particular vulnerabilities when progressing her claim. But I can't see from One Insurance's file that she made it aware of these, though I note she was anxious to get her claim settled quickly. I think One Insurance managed Miss T's expectations as it progressed her claim and dealt with this reasonably. So I can't say that One Insurance did anything wrong in this.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 4 February 2026.

Phillip Berechree
Ombudsman