

The complaint

Miss W complains about the settlement Acromas Insurance Company Limited (Acromas) made to her for a claim she made on her motor insurance policy after her car was declared a total loss.

Reference to Acromas includes its agents.

What happened

Miss W holds a motor insurance policy with Acromas. When her car was stolen and damaged by a fire, she made a claim.

Acromas accepted the claim and agreed to settle it, by offering Miss W the market value of her car at the time of the loss. Acromas thought the market value of Miss W's car was £29,862 (before the excess deduction). It said it used the available valuation guides to reach that figure.

Miss W didn't think this was enough to buy a like for like car and complained to Acromas. She said there weren't many cars like hers available and hers had low mileage, which she said meant it was worth more.

Acromas didn't agree, it said it used four valuation guides which produced valuations of £25,740, £27,160, £30,157 and £32,269. It discounted the lower valuation and calculated an average using the three other guides to achieve its valuation.

Miss W didn't accept the settlement and bought her complaint to us.

Our investigator recommended the complaint be upheld. She didn't think Acromas had sufficiently evidenced why its offer, which was lower than the highest valuation guide figure was a fair value. She considered the adverts Acromas provided but wasn't persuaded Miss W could replace her car with a similar make and model with the valuation it offered. She recommended it pay Miss W the highest valuation and pay interest on the difference at 8%.

Acromas didn't agree. It asked for an ombudsman's decision. It said the adverts it provided showed a comparable car could be purchased for the settlement offered. It also disagreed that interest at 8% should be added to any settlement, because Miss W had declined an interim settlement.

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.

Having done so, I'm upholding it. I'll explain why.

Miss W's policy with Acromas says the most it will pay for any claim is the market value of the vehicle. It defines that as *"the cost of replacing your vehicle with a vehicle of the same make, model, specification, age, mileage and condition as your vehicle was immediately before the loss or damage you are claiming for"*.

We've an established approach on what we look at when determining whether an insurer has offered a fair market value.

Our approach, to avoid potential detriment, is that where an insurer considers the car's market value to be less than the highest value returned from the guides we use, it needs to evidence that valuation is fair by providing supporting evidence.

I've considered Acromas's comments and thought carefully about the adverts it has provided. Like the investigator I have discounted the adverts for the 2019 and 2021 registration, as Miss W's car was a 2020 registration. Looking at remaining adverts I can see there is a range in price of between £31,117 and £34,000. I don't think they're persuasive enough to show £29,862 valuation is fair, because the adverts are higher in price than the value Acromas came to and all of them have higher mileage than hers – which you'd expect would decrease the value of the car.

In addition, I don't agree with Acromas that an average of the six adverts provided is sufficiently strong evidence that its valuation is fair- because some of them aren't as comparable as others as set out above. I'm not satisfied that the adverts are more persuasive than the valuation guides, because they value the car for sale, not the insured car like the guides do, and in any event, I don't find they support that Miss W could replace her car for £29,862.

Looking at the valuations produced by the guides, I am not persuaded that Acromas's offer of £29,862 is fair and reasonable. Given there isn't any other relevant evidence to persuade me that a valuation in line with the highest guide is inappropriate and to avoid any detriment to Miss W, I consider a fair market value would be £32,269 – the highest guide amount.

Because an interim offer was made, as we'd expect it to have been. Our approach is that where there is a difference between the interim settlement and final settlement, then the insurer should add interest to this amount. And so I think Acromas should add interest at a rate of 8% simple on the difference from the date if offered the settlement amount to the date of payment to Miss W.

My final decision

For the reasons set out above, I uphold this complaint and require Acromas insurance Company Limited to:

- Settle Miss W's claim by paying the full market value of her car (£32,269) less the policy excess, this represents the highest valuation guide Acromas provided.
- Interest should be added to the difference in valuation figures offered (£2,407). The interest should be calculated from the date Acromas offered the interim payment to the date the settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 25 February 2026.

*If Acromas Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss W how much it's taken

off. It should also give Miss W a tax deduction certificate if she asks for one so she can reclaim the tax from HM Revenue & Customs if appropriate.

Lorraine Ball
Ombudsman