DRN-6012160

The complaint

Mr A has complained about the amount Wakam has offered in settlement of his claim under his private hire insurance policy.

Any reference to Wakam includes its agents.

What happened

Mr A's vehicle, which he used as a taxi, was damaged by a fire in November 2022. Wakam asked one of its engineers to assess the damage to it. He decided it was a total loss (write-off) and told Mr A that he'd valued it at £23,566.27. Wakam then decided to appoint a claims investigation agent to consider Mr A's claim further. They discovered that when Mr A's vehicle had gone through its MOT in 2019, before Mr A bought it, the mileage was recorded at just over 264,000 miles. They also discovered Mr A had only paid around £9,000 for the vehicle when he bought it in 2021. Because of this it reduced its valuation to £7,992.

Mr A wasn't happy about this and complained to Wakam. It then said it wouldn't increase its valuation and mentioned that, if it did, it would result in betterment for Mr A, as he'd only paid around £9,000 for the vehicle. Eventually Mr A managed to get the previous owner to amend the MOT records to show what he has said were the correct mileages when his vehicle went through its MOT in 2018 and 2019 of around 16,000 and 26,000 respectively. Wakam still wouldn't increase its valuation, so Mr A asked us to consider his complaint.

One of our investigators considered Mr A's complaint and said it should be upheld. He said Wakam should use its original valuation of £23,566.27 to settle Mr A's claim and pay him £500 in compensation for distress and inconvenience.

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've decided to uphold it for the same reasons as our investigator.

As Wakam decided Mr A's vehicle was a total loss it needs to pay its market value, less the £500 policy excess. Market value is defined in the policy as follows:

The cost of replacing a vehicle at the time of loss or damage, taking into account its rnake, model, age, mileage and condition.

This means what Mr A paid for his vehicle is largely irrelevant. I appreciate he paid a lot less than its market value in 2021, but he has explained that this was because he got a good deal from a friend. So, this should have no impact on what Wakam pays in settlement of his claim.

I can of course appreciate why Wakam cancelled its original valuation and provided a reduced one based on Mr A's car having a much higher mileage then he had suggested. I say this because the MOT records did suggest the odometer on it had been changed and

the mileage was much higher than the current odometer actually showed. However, I think once it had confirmation from its investigation agent that the MOT record had been changed to show lower mileages on the MOTs in 2018 and 2020 in late July 2024 Wakam should have reverted to its original valuation and settled Mr A's claim using this. I say this because the process to get an MOT record corrected through DVSA is rigorous and they would not have agreed to change the records on these two MOTs if they weren't satisfied that the evidence provided showed there had been errors. I do of course appreciate that the fact there was seemingly an error in both 2018 and 2019 is odd, but then, as Wakam's agent said, it could have been that there was a glitch with the system at the time they accessed the records that caused the issue. Plus, the adjusted mileages tie in with the age and usage of Mr A's vehicle. I think it is also of note that Wakam's agent said that in their opinion the mileage data on the MOTs showing more recently was likely to be correct.

So, I think the fair and reasonable outcome to Mr A's complaint is for Wakam to settle his claim using its original valuation of £23,566.27, as Mr A is happy with this figure. And I also think that because it should have done this in July 2024 Mr A has been deprived of money that should have been available to him from this point onwards. So, I consider Wakam should pay interest on the amount due to him at 8% per annum simple from 1 August 2024, which is when I think it should have settled his claim using its original valuation to the date of actual payment.

I also think Wakam's failure to pay the correct amount in August 2024 when it should have done has caused Mr A unnecessary distress and inconvenience. And that this warrants a compensation payment of £500, as this is in line with the level of distress and inconvenience Mr A has experienced generally and as a result of being unable to replace his vehicle for a long period .

Putting things right

For the reasons set out above, I have decided to uphold Mr A's complaint and I require Wakam to do the following:

- Settle Mr A's claim using its original valuation of £23,566.27. It can deduct the policy excess from this amount and any payment it has already made in settlement of his claim.
- Pay interest on the amount due to Mr A at 8% per annum simple from 1 August 2024 to the date of payment.*
- Pay Mr A compensation of £500 for the distress and inconvenience he's experienced as a result of its inappropriate handling of his claim.*

* Wakam must tell Mr A if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr A if asked to do so. This will allow him to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

* Wakam must pay the compensation within 28 days of the date we tell it Mr A accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

My final decision

I uphold Mr A's complaint about Wakam and require it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 February 2026.

Robert Short
Ombudsman