

## **The complaint**

Mr D complains about the amount paid to settle his claim on his motor insurance policy after his car was deemed a total loss.

Reference to West Bay includes its agents.

Mr D has been represented in bringing this complaint to us, but for ease of reading, I'll simply refer to him throughout the decision.

## **What happened**

Following an incident, Mr D made a claim with West Bay. West Bay accepted the claim and said Mr D's car was uneconomical to repair. It wrote Mr D's car off, deeming it a total loss. To settle his claim, West Bay paid him what it considered to be the market value of his car £12,297 (less the policy excess).

Mr D complains about that settlement, he doesn't think it was enough and thinks he should have been paid more.

In looking into his complaint, West Bay didn't think it had done anything wrong. It said its valuation was supported by valuation guides and adverts for similar cars on sale at the time.

Unhappy, Mr D brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't think Mr D's complaint should be upheld. She noted that West Bay's starting point was at the lower end of the values produced by the available guides, but she thought this was supported by the adverts West Bay provided. And she noted that the deduction for pre-existing damage was low. So, she thought West Bay's valuation was reasonable.

Mr D didn't agree and asked for an Ombudsman's decision. He didn't think West Bay had shown why it was fair to base its valuation on the lowest, rather than the highest of the available guides.

## **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 not upholding it. I'll explain why.

Mr D's policy with West Bay says the most it will pay on any claim is the market value of his car. It defines market value as: *"The cost of replacing your insured vehicle (including permanently fitted accessories) with one of the same or similar make, model, year, mileage and condition which applied immediately before any loss or damage..."*

This is a common definition of market value, with most policies defining it in a similar way.

But determining a vehicle's market value isn't an exact science. Ultimately, it's an opinion. There're no rules or regulations which stipulate exactly how we, or insurers need to go about valuing vehicles. But we do have an approach we use to determine whether or not an insurer's valuation is fair.

To do that we use a number of valuation guides, four in total (although not all return valuations for every vehicle) to gather their valuations. We find all these valuation guides persuasive evidence, because they take into account nationwide data to try and estimate the vehicle's value, taking into account all the factors needed (make, model, age, condition etc).

Here, the four guides returned values of £12,722, £13,130, £1,320 and £13,608.

We then look to see where the insurer's valuation sits within those guide prices. If it's close to the top valuation, we're likely to say the valuation is fair (unless there's evidence to suggest otherwise). If the valuation isn't close to the highest guide value, then we need to see supporting evidence from the insurer – showing why that is a fair value.

Here, (before any deduction for pre-existing damage – which is important, and I'll come on to later), West Bay's valuation was £12,722 – the very bottom end of the four guides. So we ask an insurer to support this value with additional evidence.

West Bay, in its valuation report sent evidence of three cars for sale similar to Mr D's. I'm satisfied these were considered in the valuation by West Bay, and that because the valuation was given within three weeks of the incident, they show cars on sale at that time. One car was on sale for £12,364, one for £12,490 and one for £13,000. Importantly though, all these cars had lower mileage than Mr D's. His car had travelled 121,024 miles at the time of the incident. Whereas the three advertised cars had travelled 95,441, 103,000 and 114,000 miles. And at that mileage, I think it's a reasonable assumption that a car with lower mileage would usually be on sale for more than one with higher mileage (assuming all other variables remained the same).

So, two adverts show a reasonably closely matched car (same make model age and specification), with lower mileage could have been purchased with West Bay's valuation, and the third showed one with less mileage was on sale for slightly more than its valuation. With that in mind I'm satisfied West Bay's valuation starting point of £12,722 was reasonable in this case – because I'm satisfied it's shown that if a car that was a like for like match of Mr D's were for sale, at the time of the incident, then its valuation would likely have been enough to purchase it.

Mr D has sent in an advert showing a similar car, also with lower mileage on sale for more than West Bay's valuation. But I'm not persuaded that is evidence that a car could not have been bought for less than the valuation West Bay reached.

And in any event, up to this point in the decision I've explained why I think West Bay's starting point was reasonable. When in reality, it's finishing point is much more important. Our role is to assess whether the valuation is fair, it's not to audit the processes West Bay took in reaching it.

And an important aspect of the final valuation is the deduction for pre accident damage, or PAD. West Bay made a deduction for damage it said wasn't caused in the incident claimed for. That doesn't seem to be in dispute by Mr D.

So, in light of this, the market value of Mr D's car, at the time of the loss or damage he's claiming for, needs to take into account that PAD. His car was already damaged at the time of the incident, and so it's likely it's worth less as a result of that.

Our Service has an approach to such damage, and that is that we consider it fair for an insurer to deduct no more than 50% of what it would cost to fix the PAD from the market value.

Here, West Bay deducted roughly 21% of what it said it would cost to repair the damage.

So, if I were to find that West Bay's starting point was unfair and unsupported by evidence (which I don't for the reasons set out above), I'd then have to consider that it's deducted less than half of what it could have reasonably deducted for the PAD.

So running that through, were I to require it to base its valuation on the highest guide figure of £13,608, I'd then in good faith have to allow it to deduct roughly £989 from that for the PAD – taking the overall valuation to £12,619.

Clearly, £12,619 is more than the £12,297 West Bay valued Mr D's car at with the deduction it made. But as I set out initially, valuing a vehicle isn't an exact science, and I consider a £322 difference on a car worth over £12,000 close enough together to say that West Bay's valuation is fair.

So, in conclusion, it's not my role to tell West Bay how to go about valuing vehicles. It needs to do so fairly, in line with the policy terms. We have an approach to assess whether an offer is fair or not, but that doesn't mean an insurer has to follow the same method in reaching its valuations. That said, in this case, following that approach, I find West Bay's valuation of Mr D's car reasonable. Yes, it started at the lower end of the available guides, but its supplementary evidence showed that was likely enough to allow Mr D to purchase a replacement with that amount. It's then deducted an amount off the market value for PAD, something it's entitled to do and is in line with our approach. But it's deducted less than it was entitled to – which can't reasonably be considered unfair.

All that means the end valuation it reached, is close to the valuation it could have reached by using the highest guide value (as Mr D suggests it should) but deducting more (what it was entitled to) for the PAD. Which serves as another reason for finding it's valuation fair and reasonable in this case.

### **My final decision**

For the reasons set out 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 Mr D to accept or reject my decision before 9 April 2026.

Joe Thornley  
**Ombudsman**