

The complaint

Mr P is unhappy with the settlement offer made to him by his motor insurer, Covea Insurance plc (Covea'), after his car was stolen and not recovered.

What happened

Mr P's car was stolen in April 2025. He made a claim on his policy with Covea who declared the car a write-off and proceeded to assess its pre-accident value. Covea ultimately offered Mr P £35,500 but he felt this was too low. He said his car had high specifications including a panoramic roof which Covea didn't take into account.

Mr P said that Covea valued the car using a lower specification "premium" model which was around £10,000 cheaper to buy, despite him providing his order form which showed that the car was a "premium plus" not simply a "premium" model.

Covea didn't uphold Mr P's complaint. It said its valuation was fair and added that the valuations it obtained using motor valuation guides were all lower than its £35,500 offer. It also provided examples of similar cars which were up for sale and which were advertised for less than what it offered, except one which it believed was a higher spec model than Mr P's. Covea also didn't think that the optional extras Mr P had mentioned added to the car's overall value.

Unhappy with Covea's response Mr P brought his complaint to our service. He said he believed a fairer valuation was around £40,000.

One of our investigators reviewed the complaint but didn't consider Covea's £35,500 offer to be fair in the circumstances. Our investigator considered that a £37,000 valuation was fair and reasonable based on valuations provided by the guides.

Covea didn't agree and asked for an ombudsman's decision. It said it didn't believe the panoramic roof added to the pre-accident value or that this was a "premium plus" model.

Our investigator didn't change her view and said that an invoice provided by Mr P confirmed it was a "premium plus" model. The matter was then passed to me to decide.

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.

Like most motor insurance policies, Mr P's provides cover in the event there is loss of or damage to his car due to accident, fire or theft. The policy states that the most Covea will pay is the market value of the vehicle. The policy defines "market value" as:

“The cost of replacing your car with one of the same make, model, specification, year, mileage and condition. To help us decide the market value of your car, we will refer to insurance industry recognised guides as well as searching for available vehicles being offered for sale to the public.”

Our service has an approach to valuation cases like Mr P’s that has evolved in recent times. When looking at the valuation placed on a car by an insurance company, I consider the approach it has adopted and decide whether the valuation is fair in all the circumstances.

Our service doesn’t value cars. Instead, we check to see that the insurer’s valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant valuation guides. I usually find these persuasive as they’re based on nationwide sales prices.

Covea relied on four valuation guides, which returned figures of £31,200, £32,175, £34,073 and £33,863. I also considered the valuations obtained by our investigator using the same guides. These produced figures of £31,200, £37,000, £33,851 and £34,653. The higher valuation of £37,000 came from a version of the second guide that allowed her to include the panoramic roof and premium plus package—features that could not be added in the other guides. Taken together, the valuations sit within a reasonably consistent range, and I am satisfied they all relate to the same vehicle. None appeared to be an outlier, although the £37,000 valuation is more reflective of the car’s full specification due to the ability to include the optional extras.

Covea assessed the car at £35,500, which is above the valuations it obtained from the guides.

Mr P said Covea used the wrong model when valuing the car. Covea told us it had confirmed with the manufacturer that the car was a “premium” model rather than a “premium plus”. However, Mr P provided his original order form showing that his purchase included a premium plus package and a panoramic roof. Having weighed the evidence, I consider Mr P’s description of the car’s specification to be more persuasive.

Mr P submitted two adverts for cars he felt were comparable. These were priced at £39,999 and £39,990 and had similar mileage, but neither included a panoramic roof. While I took these adverts into account, the missing feature limited their usefulness when assessing the value of Mr P’s car.

Covea also provided several adverts. Two, priced at £33,191 and £33,199, did not have panoramic roofs and therefore carried limited weight for the same reason. The remaining two did include panoramic roofs. Although both had lower mileage than Mr P’s car, the advert closest in mileage was listed at £37,490. Covea argued that this example was a premium plus model and therefore not comparable, but for the reasons already set out, I am satisfied that Mr P’s car was also a premium plus model. The final example, advertised at £36,299, did not appear to be a premium plus model.

Adverts can be helpful in assessing valuation, but their reliability varies. Prices are often negotiated and can differ significantly even between similar vehicles. This was evident here, particularly where cars with lower specifications were advertised for higher prices than

better-specified models. Nevertheless, adverts can provide an indication of the likely replacement cost where considered alongside more consistent sources such as the valuation guides.

Of the adverts provided, I found the £37,490 example to be the most persuasive, as it appears to be a similar model and had mileage nearer to Mr P's than the others. It suggests that Mr P could replace his car for less than £37,490 and aligns with the highest guide valuation of £37,000.

Having reviewed all the evidence, I am not persuaded that Covea's valuation of £35,500 is fair. The valuation guides remain the most consistent and reliable evidence. Given that the strongest advert supports a figure just below £37,490, and to avoid any detriment to Mr P, I consider it fair and reasonable to adopt the highest guide valuation of £37,000.

An interim payment was offered to Mr P in June 2025 and he enquired whether this would prejudice his position if accepted. The handler he spoke to said they would check and get back to him but they did not. So a payment was not made. I think it is therefore fair and reasonable that Covea pays Mr P interest on the settlement it pays him from that date.

My final decision

For the reasons above I have decided to uphold this complaint. Covea Insurance plc must settle Mr P's claim based on a valuation of £37,000. This is subject to any applicable deductions including the policy excess. It must also pay 8% simple interest per year on the amount it pays Mr P from the date of its interim payment offer to the date it pays him.

If Covea Insurance plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P a tax deduction certificate if he asks for one so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 March 2026.

Anastasia Serdari
Ombudsman