

The complaint

Mr K complains about the amount Acromas Insurance Company Limited (Acromas) paid to settle his car insurance claim.

What happened

Mr K made a claim under his motor insurance policy after his car was stolen. Acromas valued Mr K's car by considering four motor valuation guides and offered him the average of those guides' amount. It initially offered Mr K £22,287 which it then increased to £22,549 (less his policy excess).

Mr K didn't accept Acromas' valuation of his car and complained. In its response to the complaint, Acromas said it was satisfied its valuation was fair. Unhappy with Acromas' response, Mr A referred his complaint to our Service for a review. Mr K said he'd only bought the car five months prior to the claim for about £5,000 more than Acromas' valuation. He said he couldn't buy a replacement of the same age, mileage and specification for the amount Acromas paid him in August 2025.

One of our Investigators looked into this matter. She thought Acromas had not shown sufficient evidence that its valuation was fair and should increase it to the highest of the guides' valuations which was £26,834. So, she recommended Acromas pay the difference between the sum already paid for Mr K's car and £26,834 alongside 8% simple interest on the extra sum. She also thought Acromas should pay Mr K £100 compensation for the distress and inconvenience caused due to its valuation shortfall.

Mr K accepted the Investigator's recommendation but Acromas didn't. It maintained that it'd paid a fair valuation, so I've been asked 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.

I'm aware I've set out the background to this complaint in less detail than the parties have presented it. I'm not going to respond to every single point raised. Instead, I've focused on what I find are the key issues here. I assure both parties, however, that I've read and considered everything they've provided.

The starting point is the policy terms and conditions which form the contract of insurance between Acromas and Mr K. The terms of the policy say the most Acromas will pay is the market value of the car. And the policy defines 'market value' as the cost of replacing Mr K's car with a car of the same make, model, specification, age, mileage and condition as his car was immediately before the loss or damage he's claiming for.

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 check trade guides, adverts and other relevant evidence. The trade guides are based on extensive

nationwide research of likely selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. We expect insurers to use valuation guides when valuing a car for claims purposes.

The guides we use as a starting point are CAP, Glass's, Autotrader and Percayso. Acromas used all the above guides and these produced values of £22,275, £18,120, £26,834 and £22,968 respectively. Our own results from the guides weren't materially different to the values obtained by Acromas.

Acromas has said that the average amount based on the four guides was a fair way to value Mr K's as the highest valuation produced by the guides was an outlier. But this isn't the approach we take and the guidance published on our website makes that very clear. We'd typically consider the safest way to ensure a consumer receives the correct replacement cost (market value) is to make sure the insurer bases its settlement on the highest one. Or – if it doesn't – to make sure the insurer has provided sufficient evidence to demonstrate that a valuation lower than this is fair.

So, I've looked at the evidence Acromas has provided to justify the lower value it's offered. Acromas has provided a selection of adverts to support its position. However, I don't find these adverts persuasive. I say this because whilst the adverts show similar cars of the same make and model, the mileage isn't similar to that of Mr K's car. And I think the mileage would have a material impact on the valuation of a car. So, I don't think Acromas has shown its valuation is enough to allow Mr K to buy a like for like replacement car.

For the above reasons, I don't think Acromas' valuation was fair and reasonable. To put things right, I think Acromas should pay Mr K the difference between its valuation of £22,549 and the valuation I consider to be fair - £26,834. I also think that Acromas caused Mr K unnecessary distress and inconvenience by not offering a fair market value in the first instance. I'm satisfied the £100 compensation the Investigator has recommended is fair in the circumstances of this complaint. This amount reflects the distress and inconvenience Mr K experienced due to Acromas not providing him the correct valuation and he was left out of pocket as a result.

My final decision

For the reasons given above, my final decision is that I uphold the complaint. I require Acromas Insurance Company Limited to do the following:

- pay Mr K the difference between the sum already paid for his car which is £22,549 and £26,834
- add interest to the extra sum paid, at the simple yearly rate of 8%, from the date of the original payment until the date of settlement. If Acromas thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax if appropriate.
- pay Mr K £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 February 2026.

Linda Tare

Ombudsman