

## The complaint

Mr J complains about the settlement that Acromas Insurance Company Limited offered him following the total loss of his car. He wants it to pay him a fair settlement.

## What happened

Mr J's car was flood damaged and declared to be a total loss. Acromas offered Mr J £24,903 less the policy excess in settlement of his claim. But Mr J thought his car was worth more due to its low mileage and good condition. Acromas declined to increase the settlement.

Our Investigator recommended that the complaint should be upheld. She thought Acromas' settlement wasn't made in keeping with our approach as it hadn't justified its decision to pay less than the highest valuation provided by the motor guides we use. She thought it should increase the settlement to £25,772 and pay Mr J the difference with interest.

Acromas replied that it thought the valuations provided by one of the guides we used were advertised prices and they were inflated to allow room for negotiation. Mr J replied that he had seen similar cars to his own for sale at higher prices than those in the guides. As both parties disagreed, the complaint has come to me for a final decision.

## 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 can understand that Mr J wants a fair settlement for the loss of his car. Mr J's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet 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."*

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to see whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought Acromas' settlement offer wasn't fair and reasonable. So I've checked how she came to this conclusion. I can see that she looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Mr J's car at the date of its loss.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification. So we now expect insurers to pay the highest of the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

Acromas had provided a valuation of £24,903, which was an average of the three higher valuations provided by the guides. But it was lower than the highest valuation.

In these circumstances, to be satisfied that the insurer's valuation represents a fair amount, our service expects to be provided with other evidence (for example, adverts for cars for sale around the time of the loss or reports from experts etc.) to support that a lower valuation is appropriate. And I'd need to be satisfied that this evidence is relevant and persuasive (and more persuasive than any evidence provided by Mr J) before accepting that a lower valuation is fair.

Acromas said that the guide that provided the highest valuation inflated its advertised prices by 5% to allow room for negotiation in sales. But I haven't seen evidence to persuade me that we should use the lower valuations instead.

Acromas hasn't provided any further evidence to support its offer that was made out of keeping with our approach. So I'm not satisfied that it was fair and reasonable. And I think a starting point for a fair offer would be the highest valuation provided by the guides, £25,772.

Mr J provided adverts for similar cars advertised at higher prices. But I think the evidence from the guides shows that Mr J could replace his car for the highest valuation. And so I'm not persuaded that Acromas needs to increase its settlement offer further.

To conclude, I'm not satisfied that Acromas' offer was fair and reasonable as it wasn't made in keeping with our approach and the policy's terms and conditions. I require it to increase this by £869 and, because Mr J has been without his money for some time, add interest to this amount.

### **Putting things right**

I require Acromas Insurance Company Limited to pay Mr J £869 more in settlement of his claim, adding interest to this amount at the rate of 8% simple per annum from the date of the initial payment to the date of settlement.

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

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Acromas Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 May 2026.

Phillip Berechree  
**Ombudsman**