

The complaint

Mr S complained that Advisory Insurance Brokers Limited (“AIB”) failed to arrange the correct cover in the event of a total loss of his car, under his motor insurance policy.

What happened

Mr S agreed a policy for his classic car in 2023. He confirmed the value of his car as £18,000. He renewed his policy in 2024 confirming the same value. He renewed again in 2025 but he said he told AIB his car’s value was now £20,000. Mr S said a driver collided with the rear of his car causing significant damage. He made a claim to his insurer but the amount he was offered for his car, as a total loss, was less than the value he’d given to AIB.

Mr S didn’t think the settlement offered was fair and said AIB was responsible for the incorrect cover he had in place. So, he complained.

In its final complaint response AIB told Mr S his policy paid out on a market value basis, in the event of a total loss. It said that Mr S didn’t take out the “*agreed value*” option that came at an additional cost of £18. The business said Mr S hadn’t taken the agreed value option when first taking out the policy, or at subsequent renewals. As he hadn’t taken this option AIB said it had done nothing wrong.

Mr S didn’t think AIB had treated him fairly and he referred the matter to our service. Our investigator didn’t uphold his complaint. He said the policy cover was made clear in the documents sent to Mr S. Additionally he said the ‘agreed value’ option was discussed over the phone and he didn’t take it.

Mr S didn’t accept our investigator’s findings and asked for an ombudsman to consider his complaint.

It has been 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.

Having done so I’m not upholding Mr S’s complaint. I’m sorry to disappoint him but I’ll explain why I think my decision is fair.

Mr S raised a complaint with his insurer about the claim he raised. This is being dealt with separately to this matter. My decision here is about whether AIB treated Mr S fairly in the cover it arranged for him.

I’ve checked the policy documents Mr S was provided with by AIB when he first agreed a policy in 2023. The front page explained that he should read all of the information provided. It also shows the optional cover that had been taken. This doesn’t show the ‘agreed value’ option had been agreed.

The “*Certificate of Motor Insurance*” section of Mr S’s documents, under the heading “*Checking your vehicle’s value*”, included a box with the heading “*Agreed/Market value*”. Under this it says, “*Market*” showing that any settlement was based on the market value of the insured vehicle. The value was confirmed as £20,000. Beneath this a definition is provided for both ‘Market Value’ and ‘Agreed Value’. I’ve copied these definitions below:

“Market Value means if your vehicle is lost or totally destroyed, you will be paid out the value of the vehicle at the time of the claim in line with current market trends. This could be more or less than the amount shown under ‘Value’ as shown on the Vehicle Schedule. Please note that you may have to pay an additional premium if the amount paid out is more than the amount you have stated the vehicle is worth.”

And:

“Agreed Value means if your vehicle is lost or totally destroyed, and the value of your vehicle has been agreed, you have the certainty that you will be paid out the amount shown on your policy schedule. You should be aware that the maximum amount payable by insurers will be the amount shown under ‘Value’ on the Vehicle Schedule, regardless of the market value at the time of the loss.”

I think these terms are clearly worded. It shows there is a difference between a ‘market value’ policy and an ‘agreed value’ policy. This information is repeated in the 2024 and then the 2025 renewal, which is the policy year in which Mr S made his claim. Again, I think this information was made clear. Mr S was advised to read the policy documentation in full. So, he should reasonably have been aware of the difference between ‘agreed value’ and ‘market value’.

I’ve listened to the two call recordings on 16 June 2025 when Mr S called AIB to discuss and renew his policy. The first call lasts just over eight minutes. Mr S talks about breakdown cover, and whether he benefits from a no-claims discount. The call handler explained it’s important that Mr S reads all the information he was sent. She also explained that the policy is based on market value in the event of a total loss. So, Mr S may receive more or possibly less than the value stated for his car. The call handler explained that he can pay £18 if he wanted a total loss settlement to be a guaranteed value. Mr S said he would read the documents in full with the help of his son, as he has a condition that affects him when reading. The call handler agreed to call him back in half an hour.

Mr S called AIB back around three quarters of an hour later. The call lasted just over seven minutes. Mr S confirmed that he had read the renewal quote in full and was happy with it. Later in the call Mr S queried whether he was covered for the market value of his car or £20,000. The call handler responded to say it was market value he was covered for. Mr S then said “*I’ll cover my seventeen and a half grand what I paid*”. The call handler responded with a verbal nod. Mr S responded to say, “*that’s okay*”. He then paid the full annual premium and the call ended.

Mr S’s policy was agreed on a market value basis from the outset in 2023. The documents he was sent and asked to read in 2023, 2024, and 2025 confirmed this. They also set out the difference between a ‘market value’ and an ‘agreed value’ policy. Prior to agreeing the renewal in 2025 Mr S said he had read his renewal information and he was happy with it. I think it’s reasonable for AIB to accept this meant he was happy with the market value basis of his cover. The option to pay an extra £18 for the agreed value cover was offered to Mr S during his first call on 16 June 2025. He didn’t take it. But I’m satisfied that AIB provided clear and accurate information to Mr S so he could make an informed choice.

I don’t think the call handler responded entirely accurately when giving a verbal nod to

Mr S's query that he would cover the £17,500 he'd paid for his car. In the event of a total loss the market value could be more or less than this amount. But I'm not persuaded that this means his complaint should be upheld. He was told several times during the calls he made that his policy was on a market value basis. The difference between market value and agreed value was made clear during the calls. This was also made clear in his renewal documents, and in the two previous year's documents he received.

Having considered all of this I don't think AIB treated Mr S unfairly when it set up his policy in the way it did. So, I can't reasonably ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 March 2026.

Mike Waldron
Ombudsman