

complaint

Mr S is unhappy about the way Advantage Insurance Company Limited (trading as Hastings Direct) has handled a claim on his motor insurance policy and with its valuation of his car.

background

Mr S was involved in an incident. He made a claim on his policy with Hastings Direct. It declared his car to be a write off as it wasn't economical to repair. Hastings Direct assessed its market value and offered to pay Mr S £10,525 for it. Mr S said that wasn't enough and it was worth £13,000. He wanted the offer increased and compensation for the trouble he'd been caused.

Hastings Direct accepts it didn't manage Mr S' expectations well. Its most recent offer is to increase its valuation of the car to £10,750 which is the highest motor trade guide value. Although not included as a benefit in the policy it's also offered to pay for 22 days use of a courtesy car at £10 a day. It has also increased its offer of compensation by £200 which is in addition to the £25 it's already paid. As the other party has admitted liability it has also refunded Mr S' excess of £495.

Our adjudicator considered that Hastings Direct's offer was reasonable. He noted that the two main trade motor guides valued Mr S' car at £10,290 and £10,750.

Mr S accepts the offer for £220 towards his hire car but otherwise remains unhappy. He says Hastings Direct's engineer couldn't find a replacement car for less than £13,000. It had also suggested at one stage that he would be paid the salvage value of £2,200. He remains unhappy with the way Hastings Direct has handled matters. An offer of a total of £225 compensation is derisory.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I agree with the adjudicator's conclusions for broadly the same reasons.

As the adjudicator's said we don't provide a precise valuation of a car. We consider if the offer being made is reasonable. We normally base this on the various trade guides whose figures are based on nationally recorded sales. We will also look at any other evidence produced.

Hastings Direct's most recent offer of £10,750 is the same as the highest valuation in the main trade guides.

Mr S has said his car was hard to replace and only three similar ones were on the market for around £13,000. But I don't think these prices are likely to represent the actual sale prices achieved. I place most weight on the values in the main trade guides as they're based on actual selling prices rather than advertised prices, which allow a margin for negotiation. I also haven't seen any compelling evidence which justifies a higher valuation than that in the guides.

So, although I'm aware of Mr S' frustration, I don't think I can reasonably require Hastings Direct to increase its valuation. I think its settlement offer of £10,750 for the car is fair and reasonable.

I have seen nothing to support Mr S' contention that he was told he would also be paid the £2,200 salvage value for the car. It's normal practice for the insurer to retain the salvage value when it has acquired the car by paying its market value to its insured.

I also think Hastings Direct's offer to pay £220 towards car hire costs is fair. I note Mr S is happy with this.

Being involved in an incident and having to deal with a motor insurance claim will always be distressing and cause inconvenience. But I think Hastings Direct's handling of Mr S' claim could have been better. This has added to the trouble and upset he's experienced. Hastings Direct has acknowledged that it could have managed his expectations better. Taking account of all the circumstances and the level of awards we make I think a payment of a further £200 compensation for this additional trouble and upset is fair and reasonable. This is in addition to the £25 already paid and makes a total payment of £225 compensation.

So, overall I see no compelling reason to change the proposed outcome in this case.

my final decision

For the reasons I've discussed above my decision is that I uphold this complaint and I require Advantage Insurance Company Limited (trading as Hastings Direct), if it hasn't done so already:

1. To increase the valuation of Mr S' car to £10,750 and to settle and pay out his claim for it accordingly;
2. To pay Mr S £220 towards his car hire costs; and
3. To pay Mr S a further £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 August 2015.

Stephen Cooper
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