



## **complaint**

Mr and Mrs J complain that Zenith Insurance Plc did not offer them a fair settlement sum under their motor insurance policy after their vehicle was written-off in an accident.

## **background**

Mr and Mrs J's vehicle was a rare, low mileage, special edition model that they bought from new and maintained well. They consider that its pre-accident value was around £5,500. Zenith eventually offered them £4,995, which they believe to be inadequate. Mr and Mrs J provided some advertisements to Zenith in support of their case, but the number of these was limited, given the model's rarity.

Our adjudicator considered that the complaint should be upheld. In his view, although the valuation of the car was difficult, on balance, given the available advertisements, Zenith should have offered Mr and Mrs J more for the vehicle. As Zenith disagreed, the complaint was passed to me for review.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Our normal approach to valuation disputes is to refer to the trade guides in order to establish the pre-accident market value of the vehicle, but in this case, the car is not listed in the guides. In these circumstances, we rely on other evidence, including any engineer's reports and advertisements for similar models.

Initially Zenith had difficulty valuing the car because of the scarcity of relevant advertisements. It asked Mr and Mrs J to find evidence, and they submitted details of three vehicles. They were unable to find any cars similar to their own. Two of the cars they found were the same year of registration, and one was a year older, with considerably higher mileage and none of the accessories of their vehicle. I have discounted this vehicle. Of the other two, the first was advertised at £5,995, and was a lower specification model with fewer accessories than Mr and Mrs J's vehicle. The second was advertised at £4,995. It was also a lower specification model, with higher mileage than theirs.

Having considered the evidence, Zenith raised its offer to £4,995. In my view, this offer was low, based on the limited evidence available, even taking into account that advertised prices have some margin built in for negotiation. Mr and Mrs J did not accept the valuation, but they accepted it as an interim payment.

When the adjudicator was considering the complaint seven months later, he found an advertisement for a car that was similar to Mr and Mrs J's vehicle, but a year younger, at £5,750. Zenith pointed out that the car had lower mileage and that the price had now been reduced to £5,495. Shortly afterwards, Mr and Mrs J found an advertisement for a car which was the same specification as theirs, with similar mileage, but a year older, at £6,450. The adjudicator found three further advertisements at this point that he considered supported the case for a higher offer from Zenith. All the cars were older than Mr and Mrs J's vehicle and the prices ranged from £5,899 to £6,999. Zenith pointed out that two of the cars had lower mileage and the mileage of one was unknown.

I have taken into account all of the evidence on prices. Whilst I appreciate that it is difficult to value such a rare, limited edition model, it seems to me that, on balance, the evidence shows that £5,500 would be a fair and reasonable offer for Mr and Mrs J's car. In my opinion, Zenith's original offer was far too low, which it later accepted, and its revised offer was also on the low side. I consider the evidence presented by Mr and Mrs J seven or eight months after the revised offer to be persuasive, as it was for the same model, with similar mileage. Even allowing for considerable negotiation on the price, the car is very unlikely to have sold for a figure approaching £5,500, in my opinion. The advertisements found by the adjudicator around the same time support the case for a higher offer in my view; those cars may have had lower mileage (although one may not have done) but they were also older.

On balance, I consider that it would be fair and reasonable for Zenith to pay Mr and Mrs J more for their vehicle. I also consider that they have experienced a moderate amount of distress and inconvenience as a result of the valuation dispute. A moderate amount of compensation to reflect that would be appropriate in my opinion.

### **my final decision**

My final decision is that I uphold this complaint. I require Zenith Insurance Plc to do the following:

- Pay Mr and Mrs J a further £505 for their vehicle (bringing the total paid to £5,500)
- Add interest at 8% simple p.a., from the date of loss to the date of settlement
- Pay Mr and Mrs J £150 for distress and inconvenience

Susan Ewins  
**ombudsman**