

**complaint**

Mr and Mrs L complain about the valuation for their vehicle offered by AXA when they made a claim under their motor insurance policy following an accident. They also consider that they experienced distress and inconvenience during the claims process.

**background**

The background to this complaint is set out fully in my provisional decision dated 25 April 2013, a copy of which is attached and which forms part of this decision. Briefly, I was minded to uphold the complaint and require AXA to pay Mr and Mrs L what they paid for their replacement vehicle (minus policy excess and the sum already paid, plus a deduction for its registration date, road tax and warranty). I also considered that a moderate sum in compensation for distress and inconvenience was appropriate. I asked the parties to let me have any comments or further information within one month.

Mr and Mrs L accepted my provisional findings on the whole, but considered that the cost of the warranty should not be deducted from the settlement sum and that a higher sum in compensation was appropriate. AXA reiterated that the valuation it had offered was appropriate and referred to some of the advertisements that had already been provided in support of its argument. AXA said that I had recognised in my provisional decision that the cluster of prices for similar cars (around £7,600 to £7,900) was for newer vehicles. This indicated that the older vehicle Mr and Mrs L purchased could not be worth as much. AXA also pointed out that the prices for these vehicles were asking prices, subject to negotiation.

**my findings**

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

In my opinion AXA has not provided new evidence on which I can base a departure from my provisional findings. One of the vehicles to which AXA refers is not the same model as the one bought by Mr and Mrs L, and the other vehicle has more mileage, even though it is newer. In my view, this makes it a less attractive option and I do not find it comparable to Mr and Mrs L's replacement vehicle. AXA's statement that I said all the examples of vehicles

in the average price cluster were newer than Mr and Mrs L's vehicle is incorrect; I said that these vehicles were either newer, with more mileage, or older, with less mileage.

I appreciate the point AXA has made about the prices in the average band being asking prices; I would agree that a deduction from those prices is likely to be made. However, in this particular case, I consider that Mr and Mrs L were fortunate enough to find a vehicle almost identical to their own in a situation almost immediately; in a situation where very few similar vehicles were available. They did negotiate for the car, so the price they paid was not the asking price, and it is within the average band once the deductions are made. I consider that this is an unusual situation, and in this particular case I do not intend to depart from my provisional finding that it would be reasonable for AXA to pay the price of the vehicle, minus the sums already mentioned.

I note Mr and Mrs L's comments on the warranty. I appreciate that they lost the value of the warranty on the previous vehicle, but that is an uninsured loss. The warranty on the new vehicle had inflated the price, in my opinion, and I remain of the view that it is not fair and reasonable to expect AXA to pay for it, particularly given the price of the vehicle without the warranty and other add-ons.

I have also considered Mr and Mrs L's request for an increase in the sum awarded for distress and inconvenience. This Service awards only moderate sums in compensation, and although I appreciate that they did experience worry and also expended a fair amount of time in dealing with this matter, I am not satisfied that an increase is justified. As I have stated above, the circumstances of this case are unusual and I can understand why AXA would have treated it as such; in my view, this was partly responsible for the delays. I also note that AXA did pay Mr and Mrs L the lower sum it offered for their vehicle within 14 days, which is unusually prompt.

### **my final decision**

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

- Pay Mr and Mrs L £7,800(minus policy excess and the sum already paid)
- Add interest at 8% simple per annum to the balance above, from the date the first payment was made to the date of settlement
- Pay Mr and Mrs L £100 for distress and inconvenience

Susan Ewins  
**ombudsman**

**COPY**

## **PROVISIONAL DECISION**

### **complaint**

Mr and Mrs L are unhappy with the valuation for their vehicle offered by AXA when they made a claim under their motor insurance policy following an accident. They also consider that they experienced distress and inconvenience during the claims process.

### **background**

As Mr and Mrs L and AXA are well aware of the details of the complaint I will not repeat all the facts here. Briefly, AXA eventually offered Mr and Mrs L £6,900 for their vehicle, having accepted that the motor trade guides in this case were out of line with the market value of the vehicle prior to the incident. Our adjudicator considered that in this case it would be fair and reasonable for AXA to increase its offer to £8,250, which was the price Mr and Mrs L paid for an almost identical vehicle two weeks after the accident. The adjudicator noted that there were very few similar vehicles available at the time and that Mr and Mrs L had negotiated a reduced price from the dealer, which was likely to be the best price available.

AXA disagreed, and pointed out that initially it had used the approach recommended by this service in basing its offer on trade guide prices. It had also considered the limited examples of similar cars in the marketplace in raising its offer to £6,900. It pointed out that the replacement vehicle Mr and Mrs L had bought was six months newer than their old vehicle and would therefore be worth more because of that, and also because of the warranty and the road tax included with the vehicle by the dealer. It asked for the complaint to be reviewed by an ombudsman.

### **my provisional findings**

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

It is not disputed that in this case the trade guides appear to be out of kilter with the market value of Mr and Mrs L's vehicle. We normally find the guides very persuasive, but we do also take into account other information (including advertisements, if that appears to be helpful). The main reason we do not usually find advertisements persuasive is that they reflect asking prices, and it is impossible to say what a vehicle would actually fetch based on an advertisement.

I note that in this case the advertisements for similar vehicles mainly cluster around £7,600 - £7,999, but that these prices are either for newer vehicles with higher mileage or older ones with less mileage than Mr and Mrs L's vehicle. I have discounted the advertisements for vehicles at an asking price of over £9,000, as these appear to be out of kilter with the rest.

In my opinion, Mr and Mrs L were very fortunate in that they located an almost identical vehicle to their own within two weeks of their old vehicle being written-off. In these unusual circumstances, I am minded to conclude that they have been able to show that, on the balance of probabilities, the market value of their old vehicle was around the price they paid for the replacement vehicle.

I note AXA's view that the new vehicle was six months newer than the old one, and I am satisfied that the difference between the two registration dates appears to be worth around £200, based on the prices in the trade guides between models registered at different points in the same year. In addition, the new car has a warranty which is worth £99, plus road tax worth £145. I am minded to conclude that it would be fair and reasonable for AXA to deduct £450 from the sum recommended by the adjudicator to reflect these issues.

I am also minded to conclude that Mr and Mrs L have experienced a moderate amount of distress and inconvenience, mainly because of the time and effort they have had to invest in collecting and presenting evidence to AXA.

### **my provisional decision**

My provisional decision is that I am minded to uphold this complaint and to require AXA to do the following:

- Pay Mr and Mrs L £7,800 (minus policy excess and the sum already paid )
- Add interest at 8% simple per annum to the balance above, from the date the first payment was made to the date of settlement
- Pay Mr and Mrs L £100 for distress and inconvenience

To avoid raising expectations, the parties should be aware that I might alter my conclusions (either wholly or in part) depending on any representations I receive. Alternatively, I would be grateful if both parties would let me know as soon as possible if they accept my provisional decision.

Susan Ewins  
**ombudsman**