

complaint

Mr B complained about U K Insurance Limited's valuation of his car following his claim on his motor insurance policy.

background

Mr B's car was damaged and UKI decided it was uneconomical to repair. So they offered him £6,880 for the market value of his car, less his policy excess. Mr B felt this was too low.

He said that he had looked for similar cars and he didn't think that he could find an equivalent car for that amount. So he felt that UKI hadn't complied with the terms of his policy. UKI didn't agree so Mr B brought his complaint to us.

The adjudicator who investigated Mr B's complaint didn't recommend that it should be upheld. He thought that UKI's valuation was reasonable and in line with motor trade guides. The adjudicator also explained to Mr B what our approach was, regarding complaints about car valuations. We don't decide what the market value of a car is; we merely consider whether or not the insurer has reached a fair and reasonable amount having regard to the valuations in the trade guides.

Mr B was not satisfied and so his case has been passed to me to decide.

my findings

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

UKI have to pay Mr B his car's market value. His car insurance policy says on page 7 that market value is *"the cost of replacing your car with another of the same make and model and of a similar age and condition at the time of the accident or loss."*

In deciding whether UKI has acted reasonably in its decision about the value of Mr B's car, I consider the approach they have taken and decide whether or not that valuation is fair in all the circumstances. I pay particular attention to the various trade guides used for valuing cars, as well as any other evidence the parties may provide. That evidence might include advertisements detailing the sale prices of similar cars, and information on price comparison sites.

Mr B has seen cars similar to his car's make and model advertised at more than UKI offered him. However I think that the amounts sellers and dealerships advertise for cars don't properly reflect their value, because cars usually sell for less than the advertised price. I don't think that adverts prove the actual selling price any car was sold for.

I've looked at how UKI valued Mr B's car. They based their valuation on the trade guides. The prices in these guides are linked to actual monthly nationwide sales figures and although valuing a car is not an exact science, I believe they give a reasonable and independent guide and take account of a number of factors including mileage, condition, and any extra features. Overall, I find them more persuasive than adverts and websites.

Mr B has looked at versions of the trades guides which are available online. He said that Glass's valued his car at between two figures, and so he would like UKI to offer him at least the midpoint of those, which was £7,970. But as the adjudicator has explained, the online versions of guides aren't as accurate as the version available to us, which takes into account the specific details of his car. This means that an online version shows a wider range of valuations.

The adjudicator checked those more detailed versions of the guides for a similar make and model to Mr B's car. They showed valuations of £6,560 from Glass's and £5,843 from CAP. As UKI offered more than both of these, he didn't think their valuation was unreasonable.

I agree with this view. I can see that Mr B wants to make sure that UKI pay him a fair value for his car, but I think that UKI have done that. So I consider that their settlement offer is a reasonable one, and I don't require them to offer any more.

my final decision

For the reasons I've discussed above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 30 January 2017.

Roslyn Scott
ombudsman