

complaint

Mr T complains that Zenith Insurance plc undervalued his car after he claimed on his motor trade insurance policy. He's also complained there was additional damage to his car when the salvage was returned to him.

For ease of reading reference to Zenith also includes its agents.

background

Mr T's car was damaged in a fire, so he claimed on his policy. Zenith arranged for his car to be collected and the damage assessed. It said the car was a total loss and offered to pay Mr T the trade value in line with the terms and conditions of his policy.

Mr T didn't think Zenith had offered him enough. He said it had valued the wrong model car, which meant the valuation didn't include all the extras he had. He also asked Zenith to return his car to him so he could break it for parts. When Mr T's car was returned to him, he said it had more damage than when it was collected. Mr T also said items had been stolen from the car, including some of the car's fuel. Because of this he complained to Zenith.

Zenith reviewed Mr T's complaint and said the trade guides it used to value cars showed Mr T's car as a 2003 TD6 Vogue. Mr T says his car is an "Autobiography" but Zenith said the guides don't show the model of Mr T's car as being produced until a year after his was made. It said - when inputting his car's registration - the trade guides showed a different model of car to what he said it was. Because of this Zenith did two valuations. One based on the model the guides showed Mr T's car was, and another for the model Mr T said it was. Zenith then took the average of the two valuations. Zenith said the retail value was in line with the amount Mr T was asking for, but as his policy only covered him for the trade value that's what it would pay.

Mr T didn't agree with this and complained to our service. He said Zenith's valuation of his car was too low and it had been damaged further when in Zenith's possession.

I issued a provisional decision on this complaint on 17 April 2020 where I said: *The terms and conditions of Mr T's policy say the most Zenith will pay is the "trade market value". It defines this as "The typical cost of replacing your vehicle (in its pre-incident state) with one of the same or similar make, model, year, mileage and condition within the motor trade at a price that allows for future re-sale at a profit, regardless of whether that is your intention."*

Our service doesn't value cars. Instead we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we use relevant trade guides. I find these persuasive as they're based on nationwide research of sales prices.

Zenith said that when it checked the details for Mr T's car the guides show it as a 2003 TD6 Vogue and Glass's guide gave a trade value of £2,570. Mr T says his car is an "Autobiography", but Zenith said the guides don't have an option for a 2003 Autobiography. Zenith therefore checked Glass's valuation for a 2004 Autobiography and produced a trade value of £3,240. Zenith averaged these values and offered Mr T £2,905.

Mr T has provided a lot of information to show his car is a 2003 Autobiography, and I'm persuaded by this. But I also would expect the trade guides to know when models were introduced. I've looked at the valuations given in three relevant trade guides - CAP, Glass's and Cazana - for a 2004 Autobiography with the same mileage as Mr T's car. CAP produced a trade value of £3,025, Glass's £3,240 and Cazana £3,515. The average of these comes to £3,260, which is higher than the amount Zenith has offered. However, as Mr T's car is a 2003 model, rather than a 2004, it would most likely be valued lower than these. So, Zenith's valuation is within the range of these guides. I'm satisfied it's fair and reasonable and in line with the policy terms.

When Zenith settled Mr T's claim, it agreed he could keep the salvage as he wanted to keep it for parts. As Mr T kept his car Zenith deducted the salvage amount from the settlement paid. Mr T said when the car was returned to him it had more damage than when it was taken away by Zenith. He also said CD's and other items had been stolen along with some of the fuel.

I can see Zenith agreed it caused damage to the front bumper but doesn't think it caused any other damage or removed items from the car. Zenith said if Mr T isn't happy with the condition of the car then it would buy it back and reimburse him the salvage amount it deducted from the settlement.

I've reviewed Mr T's points about the condition of the car and the missing items. From reviewing the photos of Mr T's car before collection and after I'm satisfied there is additional damage to it. I say this because from the pictures I can see the side skirts appear damaged and are being held on with cable ties, whereas in earlier pictures they don't seem to have any damage to them. From the pictures of Mr T's car, the interior has also started to be pulled apart, the roof lining, access panels and the centre consol. You can also see the CD cassette has been removed and is left empty in the car. Mr T has also been consistent with his testimony about what's been removed and the damage. I'm therefore satisfied items have been removed from the car and additional damage has been caused.

Mr T's car was categorised as a category B write off, this means it must be broken for parts and isn't suitable for repair. Because of this the disposal of the vehicle needs to comply with waste regulations. Mr T said he retained the car to dismantle it for parts and he has the required licence to do this. Zenith and our investigator have asked Mr T for evidence he's able to break the car for parts and dispose of the waste correctly. Mr T hasn't provided it, but even if he did provide the required licence. I'm not satisfied he's evidenced his loss. This is because there would be a cost involved in breaking the car for parts, selling them and disposing of the waste. I accept Zenith has caused additional damage to the car. But Mr T hasn't shown he's able to break the car for parts or shown what his loss is. Therefore, the fair and reasonable outcome would be for Zenith to buy the car back and reimburse the salvage amount deducted from the settlement, if the settlement has already been paid.

I'm persuaded by Mr T's testimony about the missing items mentioned above. He's also said there were two pairs of headphones in the car which when added to the cost of the CD's meant he'd lost £140 worth of belongings. As I'm persuaded these items are missing Zenith should pay Mr T this amount and add 8% simple interest per year to this amount to compensate Mr T for not having the money. For the missing fuel I'm not going to ask Zenith to reimburse Mr T for this. This is because as Zenith is now buying the car back and disposing of it, any fuel in the car would belong to Zenith. So, I'm not going to ask Zenith to do anymore regarding the missing fuel.

Zenith didn't respond to my provisional decision. Mr T responded and said his car had already been disposed of by a licensed end of life facility and a certificate issued by the DVLA. He said because of this it wasn't possible for Zenith to buy back the car. I asked our investigator to let Mr T and Zenith know that because of this I agreed it wouldn't be possible for Zenith to buy the car off Mr T. I also said it's likely he would have received scrap value for the car when it was disposed of, so I didn't think Zenith needed to do anymore in relation to the additional damage caused when in Zenith's possession. But my findings on the value of his car and the missing items remained the same.

Mr T responded and said he didn't receive any payment for his car when it was disposed of and that I'm refusing to penalise Zenith for their errors. He also said the car wasn't returned to him but to an end of life facility of his choice as this is what Zenith said he had to do.

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've considered Mr T's comments, but they haven't persuaded me to change my position on this complaint. I say this because while Mr T didn't receive payment for the scrap value of his car when he disposed of it. This is an arrangement between Mr T and the end of life facility he chose. I'm therefore satisfied it's fair and reasonable for Zenith to deduct the scrap value from the settlement paid. So, I'm not going to instruct Zenith to compensate him for the scrap value of his car.

In response to Mr T's comments about Zenith not being punished for their errors, it's not our role to punish a business. Instead if a business has got something wrong, we look at the impact this has on their customer. If they've lost out as a result, we would instruct the business to correct it. For the reasons explained above I'm not persuaded Mr T has evidenced all his losses so I'm not going to instruct Zenith to do any more than I've said above.

my final decision

For the reasons explained above my final decision is that I partly uphold this complaint. I require Zenith Insurance Plc to:

- Pay Mr T £2,905 minus the cost of salvage, for the trade value of his car, if not already paid
- Pay Mr T £140 for the missing items, adding 8% simple interest per year to this amount, calculated from the date of fire until the date paid¹

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 18 July 2020.

Alex Newman
ombudsman

¹ If Zenith Insurance Plc considers that it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mr T how much it's taken off. It should also give Mr T a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

