

complaint

Mr G complains that Ageas Insurance Limited mishandled his claim on a motor insurance policy.

background

Mr G was involved in an accident in which his car was damaged. Ageas said it was beyond economic repair. Mr G complained that his insurer sold the car to someone else who got it repaired for less than Ageas had estimated. Ageas made an offer but Mr G complained that it wasn't enough.

The adjudicator didn't recommend that the complaint should be upheld. She thought that Ageas had acted fairly and made a reasonable offer of settlement.

Mr G disagrees with the adjudicator's opinion. He says, in summary, that Ageas took his car and hasn't offered enough compensation.

my findings

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

Where I refer to Ageas, I include its claims handlers and other parties for whose actions I hold it responsible.

Mr G lives in a rural area.

His car had a high specification of optional extras. It was about eleven years old and had about 66,000 miles on the clock.

After the accident, Ageas didn't think the repair costs would be economic. It valued the car at about £1,900.00 after making a deduction for it not having a current MOT. It then removed the deduction and offered £2,500.00. Later it offered £3,000.00 less the £300 policy excess.

Mr G didn't accept this. And he still had the V5 registration document.

Mr G found out that Ageas had sold the car because the buyer contacted him. He said the repair costs had been much less than Ageas had estimated.

Ageas admitted that its salvage company had sold the car in error. It offered the sum of £500.00 as compensation for this. It also offered interest on the late payment of the total loss sum.

In addition it offered £50.00 for Mr G's inconvenience.

Our approach to valuation disputes is to look at whether the firm's offer is fair and, if not, to require it to provide a settlement figure based on what we consider to be a fair value. We decide what constitutes a fair value by reference to the motor trade guides for valuing second-hand vehicles and any evidence submitted by the parties.

The condition of each vehicle is an important factor to consider.

I place more weight on trade guides as they are based on actual selling prices. I place less weight on advertisements for similar vehicles as vehicles do not normally sell for the price at which they are advertised.

For a vehicle like Mr G's I've seen the following trade guide valuations:

Glass's £2,430.00
CAP £2,474.00

Therefore I think Ageas ought to have got to its figure of £2,500 sooner than it did. But its valuation of £3,000.00 was more than fair and reasonable.

If insurers decide to repair accident damage, they have to do so to a reasonable standard. Buyers of damaged cars – on the other hand – can decide whether or not to repair cosmetic dents and scratches.

So the evidence of what the buyer spent doesn't persuade me that Ageas could've done the same. I don't think it was unfair that Ageas decided that the repair costs would be out of proportion to the pre-accident value of the car. So I don't think Ageas treated Mr G unfairly by its decision to deal with his claim as a total loss.

I hold Ageas responsible for the actions of the salvage company which sold Mr G's car. And it shouldn't have sold the car so soon.

Mr G complained about loss of CD's and telephone accessories from the car. But I haven't seen enough details or receipts to persuade me that it would be fair and reasonable to make a separate order for compensation for that.

I've thought about compensation for the delay in making a reasonable valuation of the car – and for selling it too soon. I've thought about the upset Mr G suffered from this.

I've also thought about the financial position he would otherwise have been in. I think he would've been able to negotiate to keep the damaged car on payment of its salvage value. Alternatively he would've had money sooner to put towards a replacement car.

Mr G was without a car and reliant on lifts for some time. But some of this was due to the accident itself rather than the actions of Ageas.

Ageas has offered the following:

1. £500.00;
2. £50.00;
3. interest at a yearly rate of 8% on its late payment.

Overall I think this is in line with what I would otherwise have ordered it to pay. So I don't think it would be fair and reasonable to order Ageas to do any more in response to Mr G's complaint.

my final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I make no order against Ageas Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 June 2016.

Christopher Gilbert
ombudsman