

complaint

Mr I complains that Haven Insurance Company has only valued his taxi at £8,225 following an accident when the car was written off. He thinks it was worth £10,500.

background

In valuing Mr I's car at £8,225, Haven relied on its terms and conditions which say that 'market value' means Glasses' mid-point value. Applying that test, the starting point for the value of the car was £13,650 rather than a retail transacted value of £14,850. The engineer that Haven asked to value the car came up with a final value of £8,210, taking into account the mileage of 184,423.

The adjudicator thought it wasn't fair or reasonable for Haven to use the mid-book price. He explained that we always look at the retail transacted values, comparing the value each trade guide gives to get to a fair valuation figure. Applying that approach he recommended that Haven should increase its payment to £9,480.

Haven didn't agree with this recommendation. It said an offer based on the mid-book price was in line with its terms and conditions. It said there was pre-existing damage to the wheels. Haven argued it had been more than generous in increasing its offer to £8,225. So the case has come to me for review.

my findings

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

'Market value' usually means the price that a willing buyer would pay for the item in question. That's why we use the retail transacted values from the trade guides. They're based on prices actually paid, so we think comparing them is the fairest way of valuing a vehicle.

If Haven wants to give the term 'market value' a different meaning, we'd expect this to be highlighted in the policy documents so that someone like Mr I, taking out the policy, would know from the outset that he was likely to get a lower settlement, if the car was a total loss. This would give him the option of finding a policy where 'market value' means just that. I can see nothing in the policy documents that flags up Haven's definition of 'market value'. So I don't think it's fair or reasonable for Haven to rely on the policy terms and conditions to limit the amount it's willing to pay Mr I.

In any event the terms and conditions make it clear that the mid-book value is only a starting point and the valuation will be adjusted to take into account the condition of the car. It isn't clear to me how Haven's engineer got from a mid-book value of £13,650 to £8,210. The car was noted to be in average condition. The pre-accident damage to the wheels is noted in the Audatex as 'scuffing' with no deduction made. The lack of any explanation of the final valuation the engineer came up with shows the difficulty of this approach.

The retail value provided by the trade guides is more straightforward, accurate and fair, being based more closely on the features of the individual vehicle in question. In this case the taxi's high mileage is reflected in the prices provided by Glasses and CAPS of £9,410 and £9,550 respectively. So I agree with the adjudicator that £9,480 is a fair and reasonable settlement figure. Haven is entitled to deduct the £500 excess from this. It will also need to

sort out whether the vehicle is to be salvaged to Mr I. If it is, there will be a further deduction for the salvage value. Finally I intend to direct that Haven pays Mr I £100 for the trouble and upset caused by the delay in sorting out this matter.

my final decision

I uphold the complaint. I require Haven to pay Mr I £9,480 in final settlement of his claim, less the excess and any deduction for salvage, along with £100 compensation for trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 15 February 2016.

Melanie McDonald
ombudsman