

complaint

Mr C has complained that U K Insurance Limited (trading as Privilege) made a mistake with the valuation of his car after it was declared a total loss.

background

Mr C's car was involved in an accident. Privilege inspected his car and decided it was a total loss. It offered Mr C £1,000 for his car. Mr C disagreed with this valuation and said that he couldn't buy the same car for that amount and that he had done considerable work to improve the value of his car. He said he had shown Privilege adverts for similar cars ranging from £3500 to nearly £6000 and thought his car was worth around £4,750.

Mr C was also unhappy with the service he received and Privilege paid him £150 for mistakes it accepted it had made.

The adjudicator thought Privilege's valuation was reasonable as it had used the market value for cars of a similar make and condition as the basis for its calculation.

In response, Mr C disagreed and provided further examples of similar cars for sale for up to £6,000.

my findings

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

Mr C has accepted £150 compensation for the problems with the service he received from Privilege so the issue I need to decide is if Privilege's valuation of the car was fair.

When reviewing an insurer's valuation I don't calculate a precise valuation for the vehicle. Instead I look at if the insurer has made a fair offer for its market value. I do this by examining the motor trade guides which are based on nationwide research and actual sales figures.

Given the age of the car (1991) it was not possible to get a valuation for cars of the same year as Mr C's as the trade guides don't have records going that far back. Glass's valuation for £790 was for cars 1993 and Cap's price of £1,095 is for 1995. Like the adjudicator I think this was a fair basis for comparison as I have not seen any evidence that cars of 1991 model sell for more than these slightly newer ones.

Mr C says he bought his car for over £3,000 three years earlier and that he did a lot of work on the car. I think this work has been acknowledged by Privilege as it meant it compared Mr C's car with others in good condition for their age. I have taken the same approach when looking at the evidence for sales price.

I place less weight on advertisements than the guides. This is because vehicles often don't sell for the price at which they are advertised due to buyers negotiating with the sellers. I understand Mr C's point that he wouldn't be able to negotiate a seller down from the approximately £5900 in the examples he has shown me to the £1000 offered by Privilege. It is true that the sold price for a type of car will vary but this doesn't mean the overall

motor trade guide prices are wrong: while some cars may sell for more than Mr C was offered others are likely to go for less.

I am not persuaded that the trade guides are the wrong method for valuing Mr C's car. I am sorry to disappoint Mr C but I think that Privilege's approach to the valuation of his car was fair.

my final decision

For the reasons I've explained I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 November 2015.

Sarah Brooks
ombudsman