

complaint

Mr N has complained about Markerstudy Insurance Company Limited's handling of his car insurance policy.

Reference to Markerstudy includes their agents.

background

Mr N's car was insured with Markerstudy. As a result of an incident on 15 December 2018, Mr N's car suffered water damage. He took his car to a main dealer garage where it underwent a diagnostic test. Markerstudy were notified of the incident a few days later. On the information they had, Markerstudy said it was likely the car would be a total loss. But to be certain they arranged for an independent engineer to assess the car. Once that was done the engineer confirmed the car was a total loss. Markerstudy told Mr N on 11 January 2019 the car was a total loss.

Markerstudy valued the car's pre-incident market value as £11,995. From that Markerstudy said they would deduct the policy excess and the £584.60 cost of the diagnostic test. Markerstudy said Mr N had the diagnostic test done without telling them or getting their authorisation.

Mr N complained. He said his car was worth more than Markerstudy's valuation. He also felt it was unfair of Markerstudy to not pay for the diagnostic test. Mr N added that Markerstudy's service had been poor and there had been unnecessary delays in the claims process. In response, Markerstudy said as a gesture of goodwill they would increase the valuation to £12,230. They also said they would pay 50% of the diagnostic test which amounted to £292.30.

Markerstudy accepted their overall claims handling and service had been poor. To address the impact of that they paid the remaining 50% of the diagnostic test as compensation, which was £292.30.

Mr N didn't think Markerstudy had dealt with him fairly so he brought his complaint to us. One of our investigators looked into it. She felt that Markerstudy's valuation was reasonable. She also felt that Markerstudy paying for the diagnostic test when they didn't have to was fair compensation for the service issues they acknowledged. As Mr N didn't agree with our investigator, the complaint has been passed to me to decide.

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 appreciate this will be disappointing for Mr N, but I'm not going to uphold his complaint. I'll explain why.

In his complaint, Mr N has made a number of detailed points and I've considered all those carefully. But, in this decision, I will focus on what I consider to be the key issues. My role is to decide if Markerstudy have dealt with Mr N in a fair and reasonable way.

Mr N's policy says that in the event his car is a total loss, Markerstudy must pay him the pre-incident market value of it using "*trade guides*". I feel that the starting point when trying to establish the market value of a car is to look at the industry accepted trade guides and

that is what Markerstudy did in valuing the car at £12,230. The guides are based on extensive nationwide research of likely selling prices by reputable dealers. Our investigator independently checked the guides and also reached the same valuation as Markerstudy.

Mr N has said that our approach is wrong as the trade guides don't accurately reflect the true values of cars. In support of that Mr N quoted the following from our website: *"Although, you should be aware that more recently, we've been told by some trade guides that generally cars are selling at or close to advertised prices."*

Mr N provided us with four adverts of cars he said were similar to his that were advertised for sale around the time of the total loss of his car. Mr N's car was registered on 1 January 2015 and had just under 33,000 miles on its odometer. The details of the cars Mr N provided were as follows:

- Registered on 20 February 2015; just over 37,000 miles; advertised for £13,995.
- Registered on 28 May 2015; 23,000 miles; advertised for £13,495.
- Registered in September 2014; just over 33,000 miles; advertised for £12,995.
- Registered on 31 January 2015; just over 25,000 miles; advertised for £13,000.

Although none of these cars are identical to Mr N's in terms of the combination of the registration date and mileage, both of which do tend to have a bearing on the value, I agree they are similar. But the variance in price, with there being almost £1,000 difference between the lowest and highest, demonstrates that valuing a car isn't an exact science. And while it may be the case that cars are selling at or close to advertised prices it is our experience that advertised prices are still set at a level to allow for negotiation and discount to secure a sale. If we were to compare Mr N's car with the car in the fourth bullet point, while both cars were registered in the same month and year Mr N's car had 8,000 more miles which would have an impact on its price. And the trade guides take account of the mileage of a car in that the price is adjusted to reflect it.

As mentioned above, the guides are based on extensive nationwide research of likely selling prices. So, while individual cars may be advertised at a higher or lower price, or they may in fact sell at a higher or lower price, the guides give an average value of a car with its specific characteristics. It's for that reason I feel the valuation of £12,230 given by the guide used by Markerstudy is reasonable. I'm therefore not upholding this aspect of the complaint.

In relation to Mr N's complaint about Markerstudy's service. Markerstudy have accepted that their service should have been better. Mr N felt there were unreasonable delays with the claims process. But I've seen that from the claim being made to the offer to settle the claim took around three weeks. That period spanned Christmas and New Year where the industry tends to shut down for a period of time. I therefore don't think there was an unreasonable delay.

I agree with Markerstudy that they didn't have to pay the £584.60 diagnostic fee. That's because it was something Mr N arranged himself without getting Markerstudy's permission. Had Mr N claimed immediately and informed Markerstudy first, that cost could have been avoided. But Markerstudy paid the total cost and they said half of that was in recognition of their poor service. I think that was reasonable and the amount is in line with the level of compensation our service awards for complaints of this seriousness. I'm therefore not asking Markerstudy to pay anything further.

I note that Markerstudy also paid compensation of £75. That was in response to their acceptance that they had sent Mr N a text message on 21 December 2018 which they initially denied sending. In that text message Markerstudy said the car was a total loss even before they had it assessed. I think that £75 compensation for the impact of that was reasonable.

Finally, Mr N said he received a fixed penalty notice on 3 May 2019. He said Markerstudy should have notified the DVLA that he was no longer the owner of the car. I've seen a letter from Markerstudy to the DVLA dated 28 March 2019, in which Markerstudy informed the DVLA that the car had been disposed of to their salvage agent. So, while it's clear that something has gone wrong I don't think Markerstudy are to blame for Mr N getting a penalty notice.

my final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 30 August 2020.

Mehmet Osman
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