

complaint

Mr H complains about One Insurance Limited's valuation of his car after he made a claim under his motor insurance policy and the car was declared a total loss following an accident. He's also unhappy about the service he received with the hire car provided.

background

Mr H was involved in a car accident in August 2014. An engineer declared the car a Category C total loss, and One Insurance offered £3000 in settlement of Mr H's claim.

Mr H disputed the valuation, because he believed the car was worth £5000. He provided information about the prices of similar cars. He also asked to keep the salvage, although he has since changed his mind about that, and no longer wants it. One Insurance didn't accept the examples of other car prices provided by Mr H, since they weren't for cars matching Mr H's. It wouldn't increase its settlement offer. It also explained that £110 had been deducted from the total valuation because the stereo had been missing when it had received the car.

While the complaint about the valuation was going on, Mr H was contacted (on 5 September 2014) by the provider of the hire car he'd been using, and was told that the tax on the hire car had expired and the car would need to be replaced. Mr H said that he was away from home for several days and was due to go on a trip on 8 September. He said he'd booked the hire car in to the airport parking in anticipation of that trip; and that booking couldn't be changed.

Mr H has said that the agent he spoke to about the hire car was rude and didn't offer any alternatives other than changing the car and saying they'd call him back. He subsequently received an email saying he would be contacted on 11 September 2014. Mr H went on his trip on 8 September 2014 and when he returned on 10 September 2014 he had trouble retrieving the car from the airport parking, because of the expired tax. The car later had to be taken away, as the airport parking crashed it.

When he returned home, Mr H received a cheque for £2700 in settlement of his claim. That was the value of his car minus £300 for the salvage (and the deduction for the stereo). He also received a letter stating that his insurance policy had been cancelled. This was because of sign writing on the car which hadn't been declared when the policy was taken out.

Mr H was unhappy with that and brought his complaint to us.

Our adjudicator didn't agree that the car should be valued at £5000 but, based on motor trade guides, thought that the valuation should be increased to £3492.50. He felt it was unreasonable for the business to deduct anything for the stereo, as photographs showed it was in the car at the time of the accident and was only missing the front plate during the engineer's inspection.

The adjudicator also considered it unreasonable for One Insurance to have cancelled the policy. This was because its underwriting guide didn't show that sign writing on the car meant it wouldn't be covered. He recommended a pro rata refund of premiums from the date of cancellation. He also recommended that One Insurance provide Mr H with a letter confirming that the policy had been incorrectly cancelled. Mr H could then present that to his current insurer so that any appropriate premium adjustments could be made.

As well, because of the trouble and inconvenience Mr H had been caused as a result of the issues with the hire car, the adjudicator recommended he be paid £150 compensation.

One Insurance accepted some of those recommendations. It agreed to the increase in the valuation, the pro rata refund of premiums and to provide the letter. But it didn't agree to remove the deduction for the stereo (as it says it was not a complete unit), or to provide compensation because it said that it had notified Mr H of the situation with the hire car.

This has now come to me for a final decision.

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 H said he was due to sell his car before the accident and that he had a buyer who was prepared to pay £5000. One Insurance has said that it reached its valuation of the car using Glass' Guide and that this showed that at the time of the accident it was worth £3110.

Where there's disagreement about a valuation, I'll firstly look at whether the firm's offer is fair. To do that, I'll consider independent motor trade guides which give values for second-hand vehicles. I'll also take into account any other evidence provided to me. The motor trade guide values are based on actual sale prices, and so more weight will generally be placed on these than on advertisements. That's because the advertised sale prices for similar cars are not necessarily what the cars ultimately sell for; they can be inflated to allow for negotiation.

The trade guides give valuations of £3110 and £3875. One Insurance has offered to settle the claim on the lower figure. But because there's quite a difference between the higher and lower figures, I don't think it's unreasonable to take the average of those amounts as representing a fair market value for Mr H's car. In this case, that would be £3492.50.

One Insurance has said that it would deduct £110 from the settlement amount to reflect the missing car stereo. While it's not necessarily unreasonable for deductions to be made when important or valuable components of the car are missing, I don't think that applies in this case. That's because Mr H maintains that the stereo was in the car when he handed it over to the engineer for inspection, and has provided a photograph taken at the time of the accident which shows the stereo was there. One Insurance has provided photographs taken by the inspecting engineer which shows that the stereo head unit is present in the car, but without the faceplate.

Mr H has said that he didn't remove the faceplate from the stereo. In situations like this where there is no or conflicting evidence, I must decide what is most likely to have happened. Having considered the photographs taken at the time of the accident, I can see that the entire stereo unit has been dislodged from the console. I think, from that, it's reasonable to assume that the stereo faceplate could have become further dislodged and lost after Mr H handed the car over to be transported to the garage for assessment. That means I'm satisfied, on balance, that the stereo was in the car at the time of the accident (and if it was later lost, damaged or removed in part, that was while it was out of Mr H's control) and so it should be taken into account in the valuation.

One Insurance cancelled Mr H's policy as it said that it doesn't accept vehicles that have decals on them because this is considered to be a vehicle modification. It said that had this been declared, it wouldn't have offered cover. It's provided a copy of its underwriting guidelines to support this. While the guidelines provided do show that One Insurance wouldn't provide cover for modified vehicles, this only refers to performance enhancing modifications. I don't believe it's reasonable to consider decals as performance enhancing.

So I don't believe the policy should've been cancelled. But because it was, Mr H didn't have the chance to substitute a new vehicle to his existing policy. Instead he had to take out a policy with another provider and declare that he'd had the previous policy cancelled. That is likely to have had an impact on the premium he was charged.

With regard to the hire car, Mr H has said that he was contacted and told that it needed to be returned as the road tax had expired 5 days before. He has said that he was unable to return the car as it was booked in to airport parking and he was only told about the tax 3 days prior to his trip. He has also said that he was away from London visiting his parents at the time of the call. Upon return from his trip, he had difficulties retrieving the car from the airport parking as it refused to drive the car because it was untaxed.

One Insurance has said that it does not believe it is responsible for this, because it had made Mr H aware of the issues with the tax and requested that he return that car. It has also said that the car had to be returned to be taxed, as it was a legal requirement at the time that a valid tax disc be present. But, under the circumstances, I don't think it was reasonable for Mr H to have been provided with a hire car that had less than a month's tax left, when it was provided in response to an on-going claim. And in particular, I don't think it is reasonable for Mr H to have been notified of the issue with the tax five days after it had expired. I'm satisfied that caused Mr H unnecessary and avoidable trouble, inconvenience and embarrassment, and that compensation is justified. I believe £150 is fair and reasonable in this case.

my final decision

For the reasons I've given, it's my final decision that I uphold this complaint.

I require One Insurance Limited to:

- Increase its settlement to a fair market value of £3492.50, without any deduction for the stereo, or for the salvage which Mr H is no longer keeping.
- Provide a pro rata refund of premiums from the date the policy was incorrectly cancelled.
- Pay 8% simple interest on the refund of premiums (less tax if properly deductible), calculated from the date of cancellation to the date of settlement.
- Provide a letter confirming the incorrect cancellation for Mr H to pass to his insurers so that his premium can be recalculated.
- Pay £150 compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 30 October 2015.

Helen Moye
ombudsman