

complaint

Mr G complains that the valuation of and offer for his vehicle by AXA Insurance UK Plc under his motor insurance policy is too low.

background

Mr G had a motor insurance policy with AXA. He was involved in an accident and his car was deemed uneconomical to repair. AXA has offered to pay £1,335 for its market value but Mr G believes this is too low. He says the car was worth between £2,000 and £2,450.

Our adjudicator recommended that the complaint should not be upheld. In summary she considered that:

- Our role in disputes such as this is not to provide an exact valuation for the vehicle in question but to determine whether or not the offer made by the insurer is reasonable.
- Taking account of all the evidence and factors such as the car's year of registration, model and mileage the average retail guide price in the main trade guides (Parker's, CAP and Glass's) was £1,300.
- AXA's offer of £1,335 was therefore a fair and reasonable reflection of the car's value immediately prior to the loss.

Mr G did not agree and has asked for an ombudsman review. In summary he says AXA is obliged to offer a proper payment for the value of the car to allow him to buy another similar one. Its offer falls short of this as is evidenced by advertisements for cars for sale he has provided. The trade guides are irrelevant and what matters is factual evidence on the ground. He had also spent £300 on replacement parts for the car.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Having done so, I agree with the conclusions reached by our adjudicator for broadly the reasons given.

Mr G's motor insurance policy entitled AXA to settle the claim by paying him the market value of his car at the time of loss. It is not obliged to provide him with a replacement vehicle or payment that necessarily enables him to buy a replacement vehicle of his choosing.

Although Mr G says the motor trade guides are irrelevant our starting point is to look at the various trade guides whose figures are based on recorded sales. We will also look at any other evidence produced – this may include advertisements and advertised process but they reflect the asking rather than selling prices. So the values shown in advertisements are not particularly persuasive as they are often inflated to preserve a seller's profit margin and are the starting point of negotiation and rarely reflect the prices actually achieved.

In addition Mr G may well have paid out for the car's maintenance and for replacement parts but the value of this work will not necessarily be directly reflected in the car's market value.

In this case having checked the main motor trade guides the adjudicator noted the average value was £1,300. As such she was satisfied that AXA's valuation of £1,335 was fair taking into account factors including the car's age and mileage. I agree with the adjudicator.

As such although I recognise Mr G's frustration and strength of feeling I am not persuaded that it would be reasonable to require AXA to increase its offer to him.

Overall, I see no compelling reason to change the proposed outcome in this case.

my final decision

My final decision is that I do not uphold this complaint.

Stephen Cooper
ombudsman