

## **complaint**

Mr F complains about the actions of his broker, Moneywise Investments Plc, in respect of a claim made for damage to his car, and about the valuation of the car. In particular, he complains that he was not given the opportunity to make an informed choice about whether to proceed through an accident management company, or to claim under his motor insurance policy.

## **background**

Mr F was involved in an accident on 5 June 2010 when his parked car was hit by a lorry. He was subsequently involved in another collision on 14 June 2010.

Mr F has said that after the first accident he was referred by his broker, Moneywise, to an accident management company ("A"). He continued to deal with A after the second accident.

A approached the insurer of the third party involved in the *first* accident ("B"), which was still dealing with the first claim at the time of the second accident.

The insurer of the third party involved in the *second* accident ("C") accepted liability for that accident and paid Mr F £550 for the total loss value of his car (less £50 for the value of the salvage of the car, which he retained). B later paid C half of this amount to account for its insured's liability in respect of the first accident.

Mr F has said that he was not satisfied with this figure (£550 less salvage) in settlement of his claim. He says that he was not ever afforded the opportunity to claim through his own insurer and that the accident management company, A, was unable to put further pressure on the third party insurers to obtain what he saw as a fair valuation. A told Mr F that if he was not satisfied with the valuation provided, he should take the matter to a small claims court.

Moneywise has said that Mr F was aware of the process of claiming through an accident management company, as he had successfully recovered losses by that means on a separate claim ten years before. Moneywise says that a leaflet was sent explaining the claims process. It also says that Mr F approached A directly himself; and A has said the same.

The adjudicator upheld the complaint and said that he was not satisfied Moneywise had done enough to highlight to Mr F that he could have claimed against his own policy. He was of the opinion that it was A's responsibility, acting as agent for Moneywise, to have pursued the matter further for Mr F as it was clear the valuation issue was still in dispute. Having assessed the value of the vehicle by reference to the motor trade guides, he recommended a further amount of £332.50 to take the total up to a fair market value (having regard to what had already been paid) together with 8% annual simple interest from the date of loss to the date of payment. He also considered Mr F should be awarded a further £100 compensation in recognition of the distress and inconvenience caused.

Moneywise did not agree and the matter has now been referred to me to decide.

## **my findings**

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

The first issue to be considered is whether Moneywise made Mr F sufficiently aware of his options, and of the possible consequences of proceeding through an accident management company as opposed to through his own insurer. If the referral to the accident management company was not appropriately handled, then the question is whether Mr F has been prejudiced as a result, and whether Moneywise should be held responsible.

No compelling evidence has been provided to show that Moneywise explained to Mr F the advantages or disadvantages of proceeding through an accident management company instead of his own insurer. I note, however, that Moneywise provided Mr F (and later this service) with a leaflet that describes the work that A can carry out, but this does not at any stage refer to Mr F's own insurer and how the insurer could assist him if a claim were made under his insurance policy. Moneywise has said that Mr F was aware that, if he claimed through his insurer, he would have to pay two excesses and this was the reason he chose to allow his claim to be met directly by third party insurers, dealing through A. It also referred to Mr F's previous claim some years earlier. However, Mr F disputes that he knowingly appointed A to act on his behalf. I am not satisfied, in any case, that either of these things means Mr F would necessarily be happy to allow A to act in this claim if he was aware of the implications – including namely, that Mr F would have no recourse to A through this service, if he was unhappy with the outcome of its handling of the matter (as was the case). The onus was on Moneywise as his broker to advise him of his options and make him aware of the advantages and disadvantages of allowing his claim to be dealt with outside the insurance contract. I am not satisfied on the evidence that this was done.

I therefore consider that it is fair and reasonable for Moneywise to be held responsible for the prejudice suffered by Mr F as a result of the inadequate referral to A, and the subsequent outcome of A's actions.

Mr F was presented with a settlement figure for his car, as achieved by A, which he was not happy with; and the only recourse offered to him was to take the matter to a small claims court.

Moneywise has said that an engineer assessed the valuation of the car and that third party insurers will pay the book value as opposed to the market value. Moneywise has failed to provide a copy of Mr F's insurer's terms and conditions, but I consider it reasonable to expect that his policy would have provided that he be paid the market value of the vehicle in the circumstances.

Our approach to valuation disputes between a consumer and their insurer is to look at whether a firm's settlement is fair, and if it is not, we will require it to provide a settlement figure based on what we consider to be a fair pre-loss market value. While this is not an exact science, we normally decide what constitutes a fair market value by reference to the motor trade guides for valuing second hand cars and to any evidence submitted by the parties.

The market value is the retail price the policyholder would have to pay for a comparable car at a reputable dealer, immediately before the date of the incident. In line with our approach, I have considered motor industry trade guides. I am satisfied the values given are £860 (CAP) and £805 (Glass's) based on a car in good condition. I therefore consider that the amount of £550 (less the salvage value) which Mr F was paid for his vehicle was significantly below a fair and reasonable valuation. The adjudicator recommended a valuation of £832.50 as it is

within the range of the trade valuations, and I am satisfied that this is fair and reasonable under the circumstances.

I believe that it is more likely than not Mr F would have been entitled to receive, and should have been paid, the fair market value of the car if he had made a claim through his own insurer. If that insurer had failed to pay the correct amount, Mr F could have made a complaint about the insurer to this service and we could have considered the complaint to ensure that fair market value was paid. If a third party insurer failed to pay back this amount to Mr F's own insurer, it would have been in a position to pursue this on Mr F's behalf. As A has failed to do this, and Mr F has been prejudiced as a result, I consider it is fair and reasonable that Moneywise pays Mr F the difference between what he did receive and the fair market value which he should reasonably have received, had he been properly informed about his claim options when the matter was initially reported to the broker.

Mr F has had the inconvenience of having to pursue this matter, as well as the avoidable concern about his options for redress and resolution. I consider it fair that he be compensated for that.

### **my final decision**

For the reasons above, it is my final decision that I uphold this complaint.

I require Moneywise Investments Plc to:

- pay Mr F the difference between fair market value of the vehicle at the date of loss (being £832.50) and the £550 offered by the third party insurer C;
- add 8% simple interest per annum on that amount, calculated from the date of the loss to the date of settlement; and
- pay £100 compensation for the concern and inconvenience this matter has caused.

Helen Moya  
**ombudsman**