

complaint

Mrs B made a claim against her motor insurance policy with Advantage Insurance Company Limited. She complains about the amount it offered her after her car was written off.

background

Mrs B's car was involved in an accident and she made a claim against her motor insurance policy. Advantage said that it wasn't economical to repair Mrs B's car. It valued it at £4,272.00, which it later increased to £4,275.00. It offered to pay Miss B £4,275.00, less the £275.00 excess due under her policy.

Mrs B says that she's unable to find a replacement car for the amount Advantage has offered her. She says that she paid £6,000.00 for her car eighteen months before the accident. Mrs B thinks that her car was worth over £5,000.00. She wants Advantage to find her a car of the same age and colour and with similar mileage as her old car for the amount it offered her.

The adjudicator initially thought that Advantage should increase its valuation of Mrs B's car. Advantage said that it had correctly valued Mrs B's car. After further consideration, the adjudicator agreed and said that Advantage's offer of £4,275.00 was in line with the motor trade valuations and was fair and reasonable.

Mrs B didn't agree. She said that the valuation was too low. Mrs B said that she had given Advantage advertisements that show higher valuations.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I don't uphold this complaint and I shall now explain why.

The starting point is Mrs B's policy, which says that it covers damage to her car. It says:

*"For loss of or damage to **your car** your **insurer** will either;*

- ✓ Pay for any necessary repairs;*
- ✓ replace **your car**; or*
- ✓ Pay the **market value** of **your car** immediately before the loss (this is not necessarily the value **you** declared when the insurance was taken out)."*

Advantage can choose whether to repair Mrs B's car, replace it or pay her the market value. It isn't obliged to find Mrs B a replacement car. Here, it decided to pay her the market value. The policy defines market value as:

*"The cost of replacing **your vehicle** in the United Kingdom at the time the loss or damage occurred with one of a similar make, model, age and condition. Publications may be used which refer to vehicle values such as Glass's Guide to assess the **market value**, with an allowance being made for the mileage, condition and circumstances of purchase by **you**."*

It's not unusual for motor insurance contracts to give the insurer the option of how it wishes to settle the claim or to cap the amount it will pay. These terms were clearly set out in the documents Mrs B had at the time she took out the policy. I think it's reasonable for Advantage to be able to rely on those terms.

Our role isn't to provide an exact valuation of Mrs B's car but to decide whether Advantage's offer was fair and reasonable. I think it was. The values from the trade guides for a car of the same make, model and mileage as Mrs B's car are £4,575.00, £3,970.00 and £3,795.00. Advantage's final valuation was £4,275.00, which is slightly more than the average of the two highest values.

We find that these guides give a fair indication of market value as they're based on nationwide research and actual sales figures, rather than advertised sales prices, so I think that they are both persuasive and appropriate here. The information is gathered from all the sales prices from retailers and dealers so properly and independently detail the market for any car that's listed.

Sale prices in advertisements show the prices sellers hope to get, not what those cars actually sold for. Also, the price Mrs B paid for the car some time before the accident isn't the same as its market value for the purposes of her claim. I'm afraid I don't accept that Advantage should offer Mrs B any more as I think that its valuation of her car was fair.

my final decision

I appreciate that my decision will disappoint Mrs B but for the reasons I've set out above, my final decision is that I don't uphold this complaint.

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

Louise Povey
ombudsman