

complaint

Mr J has complained that U K Insurance Limited (UKI) didn't pay a fair market value for his car, when he made a claim under his car insurance policy.

background

Mr J made a claim to his insurer UKI, following an accident where his car was written off. UKI agreed to settle this by paying Mr J £5,780, which it considered to be the market value of the car prior to the accident.

Mr J thought this was too low and said he'd attempted to replace the car with one of a similar style, age and mileage but hadn't been able to. However, UKI said it had reached its valuation fairly and in line with the policy terms and conditions.

Mr J asked us to look into his complaint. Our investigator explained that we don't decide a valuation. But we can look at whether an insurer reached its valuation reasonably and in line with the policy. She looked at four relevant motor trade guides and found that the value was within the range given by the guides.

Unhappy with this, Mr J asked for his complaint to be passed to an ombudsman for a final decision. He maintained that it wasn't possible to replace his vehicle for that amount value and that he would instead value the car in the region of £6,250. This figure is from a trade guide that Mr J has used, as well as online adverts.

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 J's policy says that in the event of the car being damaged, the most that UKI will pay is the car's pre-accident market value. The policy defines this as the cost of replacing the car with another of the same make and model and of a similar age and condition at the time of the accident. I don't think the market value put forward by UKI is unreasonable and I'll now explain why.

We don't value cars, but we check to make sure that insurers have acted fairly and reasonably in doing so. We think a fair way of doing this is to look at the valuations in the relevant trade guides. We generally find these persuasive as they're based on extensive nationwide research into the likely selling prices of cars. The guides also take account of a car's mileage and any extras when giving a valuation. I've reviewed the values across four guides, which value the car between £5,125 and £5,851. As the amount UKI offered is within the range of values the guides suggest, I think it is a fair and reasonable valuation.

Mr J has provided us with several online adverts for cars that he considers to be a similar specification to his. We don't generally find these as persuasive as the guides as advertised prices are usually subject to negotiation. Small differences between cars can lead to large differences in their asking price. It's also the case that 'extras' don't always mean higher selling prices, but they may inflate asking prices. The cars in the adverts Mr J provided also appear to have a lower mileage than his car.

I'm also less persuaded by the trade guide valuation that Mr J provided. This guide says the price range of the car is between £4,980 and £6,735. However, this is based on one of the same age and model and doesn't take into account the details of his specific car. The valuations that UKI has used were generated using his vehicle registration and mileage so I think they're likely to be more accurate.

UKI's offer was based towards the top of the range of trade guide's valuations. I think it's acted fairly and reasonably and it's settled his claim in line with the terms and conditions of the policy. So, I'm not going to uphold Mr J's complaint.

my final decision

For the reasons I've given 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 Mr J to accept or reject my decision before 6 October 2019.

Yoni Smith
ombudsman