

complaint

Mr C complains about the valuation that Markerstudy Insurance Company Limited placed on his stolen car under his motor insurance policy. Mr C is represented by his solicitor.

background

Mr C's car was stolen. Markerstudy offered him £8,300.00 in settlement. It later increased the offer to £9,560.00. Mr C believes his car is worth a lot more. He says that it was in "better than new" condition when it was stolen. He says he can't replace the car for less than £15,000.00.

Our adjudicator recommended that the complaint should be upheld. She checked the motor trade guides for valuations. She found that Markerstudy's offer was too low. So she recommended that Markerstudy pay Mr C £10,228.50 for the pre-loss value of his car, with interest.

Markerstudy agreed to do this but Mr C didn't think this was fair. He said there were no cars of the same make and model available for less than £15,000.00.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can appreciate Mr C's disappointment and frustration with the offer made by Markerstudy. I can see that he spent a lot of money keeping his car in excellent condition. He says that it was "as new" and of high prestige. I can also see that there is a gap between the market price of his car and advertised prices.

The adjudicator has explained this service's approach to car valuations. We don't provide valuations for cars but seek to assess whether the insurer's offer is reasonable.

Again, as the adjudicator has explained, in assessing whether a reasonable offer has been made, we obtain valuations from motor-trade guides. These are used for valuing second hand cars. We find these guides to be particularly persuasive. This is largely because their valuations are based on nationwide research and actual sales figures. The guides also take into account regional variations.

Mr C has provided an example of an "agreed value" policy where a car similar to his own was insured for a higher agreed value. But I don't think this is relevant. His was a market value policy. The market value in the policy is defined and assessed in line with our approach. I don't think this is unusual or unfair.

Mr C has also provided us with adverts for similar cars to his. But we don't find adverts particularly persuasive as these are essentially asking prices and aren't selling prices. It's for this reason that the trade guides are used as they provide evidence of actual retail selling prices.

Our adjudicator recommended that Markerstudy increase should its offer for the market value of Mr C's car to £10,228.50. I've checked how she came to this conclusion. I can see that she checked the motor trade guides for cars of the same make, age, mileage and condition as Mr C's. She accepted Mr C's evidence that his car was in good condition and she rated it accordingly. She explained that maintenance doesn't necessarily increase a car's market value.

The adjudicator found that CAP valued the car at £11,687.00. Glass's valued it at £8,770.00. So, in keeping with our approach where there is such a difference, she took an average of these, giving £10,228.50.

I appreciate that Mr C's disagrees, but this was done in keeping with our approach. So I agree that Markerstudy's offer of £9,560.00 was too low and didn't reflect the market value of the car at the time of loss. I think Markerstudy should increase its offer to £10,228.50.

Mr C said that his policy allows for a like for like replacement. I can see that in case of theft the relevant policy term gives Markerstudy the option of replacing the car or paying its market value. It has offered the car's market value and so I can't say this is unreasonable.

my final decision

My final decision is that I uphold this complaint. I require Markerstudy Insurance Company Limited to pay Mr C £10,228.50 for his car. Markerstudy must also pay interest on this amount at the simple rate of 8% per year from 1 October 2015 to the date it makes the payment.

HM Revenue & Customs requires Markerstudy to take off tax from this interest. Markerstudy must give Mr C a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 February 2016.

Phillip Berechree
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