

The complaint

Mr B complains that Markerstudy Insurance Company Limited hasn't valued his stolen moped correctly when dealing with a claim on his motor insurance policy.

What happened

Mr B's moped was stolen in January 2020 and he made a claim to his insurer. They offered him a valuation for the vehicle of £372, minus any deductions. Markerstudy initially said the excess was £500 but later said it was in fact £200. Mr B was unhappy with the valuation and made a complaint, saying he had bought the moped two years previously at a much higher price.

Markerstudy considered Mr B's complaint and said its offer was fair, based on the value of the moped immediately before the loss happened. Mr B was unhappy with the response and asked our service to look at his complaint.

Our investigator agreed with Markerstudy's valuation of the moped and didn't recommend that Markerstudy do anything more on the complaint.

Mr B disagreed, saying the settlement offered wasn't high enough. So the complaint was passed to me for a decision.

I issued a provisional decision upholding the complaint. In the provisional decision I said:

My role is to consider whether Markerstudy has applied the policy terms correctly and provided a fair valuation to Mr B. Having looked at the policy terms, I can see that Markerstudy says the most it will pay on a theft claim is "the market value of the motorcycle before the loss."

The policy defines Market Value as:

"The replacement cost of the motorcycle...at the time of loss or damage compared with one of the same make, model and condition...the market value will be assessed by an automotive engineer in conjunction with the published trade guides at the time of loss."

I think this term is quite clear that Markerstudy would only pay the replacement cost of the moped based on the valuations at the time of loss. I appreciate that Mr B bought the moped for a higher amount, but his policy doesn't provide cover based on the original purchase price. So, I wouldn't ask Markerstudy to increase the valuation solely based on what Mr B had paid when he bought the moped.

The valuation Markerstudy based the offer on is from an independent valuation guide. These guides are based on research of what the likely selling prices of vehicles were on a specific date, and this is likely to be the most accurate valuation evidence I have to consider on this complaint.

The valuation that Markerstudy obtained was £372 based on the vehicle's specification. I've checked another guide that our service uses and can see that market value shows as £602. Having looked at Mr B's moped vehicle specification, I've found that there are few similar models for sale but I can't find any sales that are near the offer Markerstudy made for the moped. They are all significantly higher in value and as much as (or higher than) the valuation given by the other guide.

I would generally give more weight to valuations from the guides, as these are based on extensive national research. There isn't very much information available for this type of moped to rely on. So, I've considered the two available valuations, as well as private sales for similar mopeds.

I can't see that Markerstudy relied on any other information to value the moped apart from one guide. Other information available indicates a higher value. So, I don't consider that Markerstudy has shown the amount offered is a fair valuation.

For these reasons, my provisional view was that a valuation of £600 would be fair, and that sum should be paid to Mr B (less any amount already paid, and any excess or charges) with interest added at 8%.

Replies to the provisional decision

Markerstudy has replied to say it accepts the provisional decision and has nothing further to add.

Mr B has provided some further comments. He has given details of other similar mopeds being advertised for sale on websites at higher prices – between around £800 and £900. Based on these, he would like a higher valuation to be agreed.

What I've decided – and why

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

I appreciate that the examples Mr B has provided show mopeds being advertised at higher prices, but the fact that they are being advertised at higher prices doesn't necessarily mean they will actually be sold for the amount being sought. As I explained in the provisional decision, we tend to place more weight on the trade guides as these are likely to give a better indication of values than a small number of adverts. Having said that, the guide relied on by Markerstudy indicated a figure rather lower than the other guide or any of the adverts. So in my judgment the value previously offered was too low. Taking into account all the evidence I've seen, including both trade guides and the various adverts, the range in values appears to be wide; between around £350 and £900. So, looking at everything in the round, my view is that a value of £600 is still a fair value.

Putting things right

To put things right, Markerstudy should pay to Mr B:

- £600 in settlement for his theft claim, minus any amount already paid to Mr B and any excess or charges still to be paid under the policy; and
- 8% simple interest on any additional amount payable in this settlement, calculated from the date Markerstudy originally settled the claim to the date the additional payment is made.

My final decision

My final decision is that I uphold Mr B's complaint and direct Markerstudy Insurance Company Limited to pay him the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 February 2021.

Peter Whiteley
Ombudsman