

The complaint

Mr D complains that MCE Insurance Company Limited didn't pay him enough for his stolen motorcycle when he made a claim for its loss on his motor insurance policy.

What happened

Mr D's motorcycle (registered in 2010) was stolen in March 2021. At the time, it was for sale and Mr D says he'd had an offer to buy it at the asking price of £3,500. MCE offered him £2,500 for the bike, based on the valuations it found in the national trade guides. Mr D said the guides didn't take into account that his bike could be used on the road, as opposed to being used off-road only. He thought that distinction added £1,000 to the value of his bike.

One of our investigators reviewed Mr D's complaint. He checked the trade guide valuations and concluded that MCE had acted reasonably in basing its offer on the figures they quoted at the time. He pointed out that the policy said MCE would use industry guide publications to find the bike's market value. He didn't think the adverts provided by Mr D showing bikes similar to his for sale between £3,000 and £4,000 made a difference.

Mr D said the guide prices were for off-road bikes. He queried the £800 difference between the valuation given in one of the guides when MCE got its valuation and at the time the investigator did so. He didn't think the advertised prices he'd seen would be discounted by such an amount at the point of sale as to bring them into line with the guide prices. Mr D said there were several people interested in his bike as well as the person who had offered to buy it. He thought that showed its true market value.

As there was no agreement, the complaint was passed to me for review.

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.

We usually say the valuations given in the trade guides are the most reliable way to establish a vehicle's likely market value, as they're based on the likely sales prices of numerous similar vehicles nationwide. In this case, Mr D says the valuations only reflect off-road prices, but my understanding is that they're based on the likely sales prices of both off-road and road-legal bikes.

The valuation given in one of the guides increased significantly between the date MCE consulted it and the date on which the investigator did so, but it isn't unusual for that particular guide to change its valuation. As the investigator pointed out, our approach to this issue is that it's fair for an insurer to base its offer on the valuations it finds at the time.

We don't usually find advertised prices helpful in establishing a vehicle's market value, partly because they're open to negotiation and also because the sums quoted can vary a lot between what seem to be similar vehicles. But we do look at them - and *occasionally*, we think they make a difference. In this case, Mr D provided the following adverts:

- A bike five years older than his, priced at £3,200 (not specified as road-legal)
- Two bikes two years older than his, priced at around £4,000 (off-road only)
- Two bikes a year older than his, both priced at £3,500 (one road legal)

I carried out some research and found a bike two years older than Mr D's bike, priced at £2,500 (rather than at around £4,000, as above) and one manufactured three years *after* his, priced at £3,500. Neither was specified as off-road or road-legal. The other adverts I found gave no age for the bikes or were for bikes much newer than Mr D's bike, so they couldn't be compared to his. Only one of the adverts specified that the bike was for use on the road.

In addition, we sought a bespoke valuation for Mr D's bike from one of the trade guide organisations. Unfortunately, the valuation wasn't helpful, as it was based solely on a bike that was first registered four years after Mr D's bike, priced at well over £5,000.

I don't think the prices quoted in the adverts are consistent enough to be relied on, and few of them specified whether the bikes could be used on the road. That may be because they weren't, as Mr D says road-legal bikes aren't available very often. Although when such bikes are sold, they may be worth more than off-road bikes I don't think Mr D has been able to show that a bike like his is worth more than the average valuation quoted in the trade guides.

Mr D may well have been able to get more than £2,500 for his bike had the prospective purchaser (having seen the extra photos he'd asked for) or another buyer been happy to pay more than that. As he has pointed out, the bike was worth what someone was prepared to pay for it. So it was very unfortunate for Mr D that the bike was stolen just before he could sell it. In these circumstances; he was bound to be really disappointed with MCE's offer, and I understand why he feels he's lost out financially. But even if that's the case, in my opinion it doesn't mean MCE did anything wrong in the standard way it valued the bike, or that its market value offer was too low.

I know Mr D won't be happy with my decision, but I don't think it would be fair and reasonable to hold MCE at fault and uphold his complaint.

My final decision

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 D to accept or reject my decision before 31 August 2021.

Susan Ewins
Ombudsman