

## The complaint

Mr J has complained that Markerstudy Insurance Company Limited (Markerstudy) undervalued his motorcycle following a theft and subsequent total loss claim.

## What happened

Following the theft, of his motorcycle Mr J submitted a claim on his motorcycle insurance policy. After a review, Markerstudy deemed Mr J's motorcycle a total loss and offered him £2,884 to settle his claim as it said this represented the market value of his motorcycle.

But Mr J doesn't think this offer is fair and wants Markerstudy to pay what he thinks his motorcycle is worth. Mr J says to get a like for like replacement it would cost him a lot more. He says the cost to replace this motorcycle is approximately £3,500 and he says he's not interested in some arbitrary book value that Markerstudy has decided to use.

An investigator from our service looked at this complaint. The investigator was satisfied the valuation placed on the motorcycle by Markerstudy was fair so he didn't recommend that Markerstudy should offer any more.

But Mr J doesn't agree, and he's asked for an ombudsman to review the complaint.

## 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.

Having done so, I'm not upholding this complaint. I'll explain why.

Mr J is unhappy with the valuation Markerstudy has placed on his motorcycle. He says that he bought this motorcycle in October 2020 for £3,390 with only 2,000 miles on the clock. He says the motorcycle was stored in a locked garage and wasn't used during the winter months. Mr J has provided a valuation of a similar motorcycle, albeit with lower mileage for £3,595.

Our approach is to consider whether Markerstudy has settled Mr J's claim in line with the terms and conditions of his policy, fairly and reasonably. So, I've considered the terms of the policy and the offer made in order to determine whether Markerstudy has acted fairly. I can see that in the event the motorcycle can't be repaired, Markerstudy won't pay more than the market value of the motorcycle at the time of the loss.

Market Value is defined as *"The cost of replacing your motorcycle with one of the same make, model, specification, mileage and age, and which is in the same condition your motorcycle was in immediately before the loss or damage you are claiming for"*.

Our usual approach to complaints about motorcycle valuations is to look at motor trade guides for valuing second-hand motorcycles. We find these guides persuasive because their valuations are based on nationwide research and likely selling prices. The guides refer to

advertised and auction prices to work out what the likely selling price for the same vehicle would be. This takes into account all the specifications of the motorcycle as well as any extras and the mileage. If any guide's price is significantly higher or lower than the others, we may think it's reasonable to ignore it.

Consumers sometimes say the amount they've been paid is unfair because they've seen similar motorcycles advertised at higher prices. And while that is an understandable concern, we don't normally place as much weight on adverts to decide whether a valuation is fair, because these are asking prices and not selling prices. But adverts can be indicative of what's really going on in the market and they can be helpful if the complaint involves a classic or rare model or if they strongly indicate that the guides could be wrong.

I've checked the motor trade guides for the value of Mr J's motorcycle at the time of the incident. I note Markerstudy has used a mileage of 3,000 miles to achieve its valuations. Markerstudy says there was no photo of the motorcycle mileage, and this is the mileage reported by the engineer. The only mileage provided by Mr J is 2,000. So, I've run valuations using both mileages. These valuations were:

Glass's £2,969 (same for both 2k and 3k miles),  
Cazana £2,732 (for 3k miles) and £2,919 (for 2k miles),  
CAP £2,650 (3k miles) and £2,675 (2k miles).

Markerstudy offered £2,884.

Looking at the valuation from Markerstudy I can see it's in the range of valuations provided by the trade guides. Sometimes, if two valuations are similar and the third is an outlier, we might think it's reasonable to ignore any outlying valuation. Or alternatively, we might sometimes take the average of all three valuations.

There's no clear outlier here, so I think it makes sense to rely on all the guides in this case to make sure the valuation is fair. I think it's clear that there's minimal difference whatever mileage is taken. And looking at the value Markerstudy have placed on the motorcycle of £2,884, I'm satisfied it's in range and in line with the data provided by the motor trade guides.

I know Mr J doesn't agree with this approach. He's provided his own supporting advertisement and he says he won't accept an arbitrary book value. But these values are not arbitrary. As I said above these valuations are based on nationwide research and likely selling prices. The guides use algorithms alongside advertised and auction price data to work out what the likely selling price for the same motorcycle would be. The guides take into account all the specifications of the motorcycle as well as any extras and the mileage. And based on everything I've seen here the valuations being generated by all three guides are almost identical. So, I think the values provided by the guides are far from arbitrary. And whilst I've considered Mr J's supporting evidence, I think the values provided by the motor trade guides are the most persuasive evidence of the value of this motorcycle.

Further to this, I'd like to stress it's not up to this service to place an exact valuation on Mr J's motorcycle. It's our role to make sure Markerstudy is giving Mr J the fair market price as set out in the policy terms and conditions using a fair and recognised approach. And based on the information provided about Mr J's motorcycle and using the trade guides alongside the evidence Mr J has submitted, and the approach we use, I'm satisfied that the market value that Markerstudy has placed on Mr J's motorcycle is fair and reasonable. So, I'm not upholding this complaint.

I also note that there was some confusion about whether Mr J wanted to retain his motorcycle. Markerstudy has advised that this wasn't part of the actual complaint that it responded to, and Mr J says this is now irrelevant. So, I won't be making a finding in this final decision about this aspect of Mr J's complaint.

### **My final decision**

For the reasons given above, 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 17 November 2021.

Derek Dunne  
**Ombudsman**