

The complaint

Mr A complains about Ageas Insurance Limited and the pre-accident valuation (PAV) of his motorcycle that was categorised as a total loss following a road traffic accident.

Mr A has been represented by his father during the complaint. For ease of reference, I've referred to the comments made by both as being made by Mr A himself throughout the decision.

What happened

In July 2021, Mr A was involved in a road traffic accident. So, he contacted Ageas who provided his motorcycle insurance.

Ageas arranged for Mr A's motorcycle to be inspected. And this inspection deemed the motorcycle to be a total loss. So, Ageas offered Mr A a PAV payment for his motorcycle, in line with the terms and conditions of his policy.

Initially, Ageas offered Mr A £550, less his excess of £500. They increased this offered to £700 and then finally £774 after challenges from Mr A. But they refused to offer Mr A more than this, as this thought it was a fair market price. Mr A was unhappy about this, so he raised a complaint.

Mr A didn't think Ageas PAV was fair. He explained this offer didn't provide him with enough money to source a like for like replacement as they were being advertised for between £1,200 to £1,500. So, he wanted Ageas to match this amount.

Ageas responded and didn't uphold the complaint. They explained they'd valued Mr A's motorcycle using the industry recognised guides. And they thought these guides showed the £774 valuation was a reasonable one. So, they didn't think it needed to be increased any further and because of this, they didn't think they needed to do anything more. Mr A remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and didn't uphold it. They didn't dispute Mr A's testimony that the PAV he received didn't allow him to purchase a motorcycle of a similar make and model. But they explained Mr A's insurance didn't cover him for a like for like replacement. Instead, it stated Ageas would pay Mr A a fair market price. And having used motor trade guides to value Mr A's motorcycle themselves, they were satisfied the PAV Mr A received well within the valuations these guides produced. So, they didn't think Ageas had acted unfairly and they didn't think Ageas needed to do anything more.

Mr A didn't agree. He maintained his belief that it was unfair for him to be left in a position where he's unable to afford a replacement. And he thought the increase in prices of used vehicles should be considered. As Mr A didn't agree, the complaint has been passed to me for a decision.

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 the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Mr A. I appreciate the upset and worry he'd have felt after being involved in a road traffic accident. And I recognise he took out the policy with Ageas to help limit the financial impact on him in that sort of situation. So, when Mr A realised the PAV he'd received wouldn't allow him to purchase a motorcycle of a similar make and model, I can understand why he'd challenge this and believe this was unfair.

But for me to say Ageas have done something wrong, and so should increase the PAV offered to Mr A, I'd need to be satisfied they failed to value his motorcycle in line with industry guidelines. Or, if I think they did, that they failed to act in line with the terms and conditions of the policy when doing so. And in this situation, I don't think that's the case.

Industry guidelines recommend that the market valuation of a vehicle is completed using motor trade guides. This valuation will consider the age and condition of the vehicle, the mileage plus several other factors. So, this is what I would expect Ageas to have done. And I can see they did. Ageas obtained more than one valuation, with Mr A being offered the higher valuation of £774. I think this shows Ageas acting in the best interests of Mr A, and taking into consideration the challenges he raised.

To ensure this valuation is fair, our service has completed our own market valuation using the motor trade guides. And I can see the £774 Ageas has paid falls within the range of valuations these guides provided. So, I'm unable to say the valuation Ageas eventually paid to Mr A was unfair.

But as I've explained above, I've also thought about whether Ageas acted within the terms of the policy. I can see the terms explain "*Once an engineer has inspected and assessed the market value of the car, your insurer will send you an offer of payment to cover the market value of the car. Any payment made will be after any policy excess has been deducted*". I think this makes it reasonably clear that any PAV will be based on the market value of Mr A's motorcycle. And crucially, a market value differs from a retail value. In most cases, a retailer will sell a car or motorcycle for more than the market value, to make a profit. So, Mr A's insurance policy doesn't guarantee they will provide a PAV that allows for a like for like replacement as Mr A wishes.

And this term also makes it clear that any payment will be subject to any excess associated to the policy. In this situation, Mr A's excess was £500, which meant he received £274 after this was deducted. I can understand why Mr A would feel as though he's been short-changed as he only saw £274 cash in hand for his motorcycle. But I've seen nothing to suggest to me that Mr A took out the insurance policy without understanding the excess for any claim would be £500. So, I'm satisfied Ageas acted in line with the terms of the policy and because of this, I don't think they need to do anything more.

I appreciate this isn't the outcome Mr A was hoping for. And I recognise the retail price of used vehicles has continued to increase since his accident, which will have made it even more difficult for him to replace his motorcycle. But I don't think this is the fault of Ageas. As

I've explained above, I'm satisfied the valuation they placed on Mr A's motorcycle was a fair market price. And that they acted within the terms of Mr A's policy through the claims process.

My final decision

For the reasons outlined above, I don't uphold Mr A's complaint about Ageas Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 May 2022.

Josh Haskey
Ombudsman