## The complaint

Mr M complains that West Bay Insurance Plc didn't pay him enough when he made a claim on his motorcycle insurance policy after his bike was stolen and not recovered.

## What happened

Mr M told us his bike was worth £2,400 due to its good condition and very low mileage. But West Bay only offered him £1,180 - after making deductions for the bike having previously been a total loss, plus the policy excess. He said 12 dealership garages had all said West Bay's valuation was too low - which was supported by the adverts he'd seen. Mr M provided a valuation for his bike of £2,300 given to him by a dealership garage. It was taken from a valuation tool ('V') that it and other dealerships told him they used. Mr M thought West Bay's engineer had used the wrong data when consulting the national trade guides. He told us he wanted an extra £900 for the bike. Later on he said he also wanted £500 compensation for the stress he'd faced, plus the time he'd spent on the dispute.

One of our investigators reviewed Mr M's complaint. He checked the trade guide figures and said he thought West Bay's valuation was fair. He noted that its engineer had spoken about the valuation to Mr M and had discussed adverts found by Mr M and the engineer. The investigator pointed out that we didn't think advertised sales prices were usually reliable.

Mr M said he wanted his complaint to be reviewed by an ombudsman. He said one of West Bay's valuations was based on an inferior 2007 model (his bike was registered in 2001). He also said neither West Bay nor the investigator had taken into account the very low mileage and good condition of his bike – and that the wrong mileage was used in one valuation. He said the engineer didn't discuss the valuation properly with him and was argumentative and aggressive. Mr M provided five adverts for bikes he thought were like his, on sale for up to £2,790. And he said there was no flexibility on advertised prices in the bike market.

In later correspondence, Mr M pointed out that a note on our website said that some of the trade guides had advised us that vehicles were selling for close to their asking prices. He said the website also said adverts can be useful if they strongly indicate that the trade guide figures may be wrong. And he repeated that West Bay's engineer had used the wrong data.

## 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.

Although I've read the whole file, listened to the calls between Mr M and West Bay's engineer and noted all the points made by the parties, I don't intend to address each one. I'll focus on the issues that I think are central to this complaint.

West Bay looked at three of the national trade guides to try to establish the likely market value of the bike. That's in line with the approach we take. One of the guides didn't quote for it, but the other two quoted £2,114 and £1,831. We think it's reasonable to take an average of the valuations an insurer finds if there isn't much between them, which is what West Bay did. The average of the valuations was £1,972. So that's what Mr M would have been paid for the bike's market value had deductions not been made. Unfortunately, the 20% deduction for the previous total loss reduced the sum on offer to £1,578. And the £400 policy excess then had to be deducted. I think that was fair and reasonable.

I note that in one of the documents the bike was quoted as a 2007 model - and that in another, the mileage was wrong. But I've checked that the figures West Bay used to get the valuation were based on the correct year and mileage – as were those used by the investigator, who found very similar figures in the trade guides. Mr M thinks the sum generated by valuation tool V should be the basis for the offer to him. But we have a long-established approach to reviewing insurers' offers, based largely on the trade guide figures. So despite the dealership garages relying on valuation tool V, it isn't something we use, and we can't validate its accuracy.

I think it was fair for Mr M to point out that the current second-hand market in general now has little flexibility on price. The trade guides noted that was the case some time ago. I think it's also fair to say that - as the guides base their figures on extensive national research, carried out continuously - current market trends will be reflected in them.

In the calls with Mr M, the engineer explained that he thought the adverts he'd found for bikes that were *sold* around the time Mr M's bike was lost were in line with (or less than) the sum that West Bay had offered him for it. Mr M disagreed strongly that the bikes in question were reasonable comparators to his bike. The highest sold price West Bay found for a 2001 bike was £1,540 and the lowest was £870, with an average sold price of £1,106. And it appears that only one of those bikes had been a previous total loss. The engineer also found two bikes for sale, at £2,399 (older and with slightly more mileage than Mr M's bike) and £1,290. The latter asking price was in line with the sold prices on the other four bikes.

During the calls, in my opinion, both Mr M and the engineer interrupted and talked over each other at times. But I think they both still managed to express their views and why they held them. I don't think the engineer was aggressive in his approach, as Mr M has stated, but the entrenched differences of opinion meant their conversations were generally robust.

One of the reasons we don't find adverts reliable is that there's often so much variation in asking prices for what appear to be similar vehicles. In this case, whilst West Bay's engineer found bikes he thought were similar to Mr M's bike that had sold for £1,500 or less, Mr M found some he thought were similar to his on sale from around £2,300 to around £2,800. Two of the adverts seem to be for the same bike. Two others had no confirmed mileage, and one had less mileage but was four years older than Mr M's bike.

Sometimes, we think adverts show that the trade guides don't reflect what's likely to be a vehicle's true market value. But that's normally when the available adverts are consistent. In this case, given the wide range of sold and advertised prices – some of which exceeded the sum suggested by the dealerships and valuation tool V - I don't think that applies.
When he complained to us initially, Mr M said that he thought some of the deductions made by West Bay were unfair. He and the engineer discussed the deduction for the bike having been written-off previously. In that conversation, Mr M didn't appear to be happy with it, as in his opinion, the damage wasn't to the bike's frame and it had been repaired properly. But he told the engineer that one of the dealerships he'd spoken to had told him there could be a 15% to 30% reduction made to a valuation as a result of a write-off.

Our view is that it's reasonable for an insurer to make up to a 20% deduction if a vehicle has been written-off previously. That's because it will be tarnished by that event in the eyes of potential purchasers and will sell for less than one that *hasn't* been classed as a repairable total loss. The other deduction West Bay made was for the £400 policy excess. As the agreed excess is payable on every claim, I think that deduction was fair too.

I know Mr M will be unhappy with my decision, but as I don't think he's shown that West Bay acted unreasonably in the way it valued his bike, I'm not able to 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 M to accept or reject my decision before 16 December 2022.
Susan Ewins
**Ombudsman**