

The complaint

Mr K is unhappy with Society of Lloyd's (SoL) handling and settlement of a claim made under his motor insurance policy.

Where I've referred to SoL, this includes the underwriting syndicate which actually provides the cover under Mr K's policy.

What happened

Mr K has a van which he uses for private social and domestic use rather than commercially, and he insures it with a SoL syndicate.

In June 2022 Mr K's van was stolen so he made a claim to SoL. The claim was accepted and ultimately Mr K was offered a settlement of £7,020 (before excess deduction) for his van. He was also paid £135.37 for some contents items which were in the van at the time of the theft.

Mr K was unhappy with the settlement offered for the van, the contents, and how long the claim had taken so he complained to SoL.

SoL issued a final response in which they said the van settlement was correct and wouldn't be increased. But they agreed the handling of the claim fell short and paid £250 compensation. Mr K remained unhappy and brought the complaint to this service.

One of our investigators looked into things but didn't uphold the complaint. She said the settlement offered for the van was fair and in line with how this service considers valuation complaints. She also said the compensation already offered was fair.

Mr K didn't agree and asked for a final decision from an ombudsman.

I reached a slightly different outcome to our investigator, so I issued a provisional decision to give both parties an opportunity to comment on my initial findings before I reached my final decision.

What I provisionally decided – and why

In my provisional decision, I said:

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

As I’ve reached a partly different outcome to our investigator, I’m issuing a provisional decision to give both parties an opportunity to comment on my initial findings before I reach my final decision.

Mr K is unhappy with the settlement offered for his van and contents, and the overall handling of the claim. I’ll consider each point separately.

The vehicle valuation

Mr K’s policy says that in the event of a claim, the most SoL will pay is up to the market value. This is defined in the policy as:

“Market value – the cost of replacing your vehicle with another one of the same make, model and specification and of similar age, mileage and condition at the time of an accident or loss.”

SoL determined the market value of Mr K’s van using valuations obtained through industry trade guides. These were:

- *Glass’s £5,002*
- *CAP £5,850*

SoL used the highest value from the guides when offering settlement. Because Mr K was using the van for personal use, rather than commercially, and he holds a private vehicle insurance policy, SoL has also added VAT to that valuation when offering settlement. This took the total amount to £7,020 before excess deduction.

Mr K disputes the valuation is fair and thinks this should be £8,500 or more.

When investigating Mr K’s complaint, our investigator also checked the valuations for the correct vehicle and mileage from CAP, Glass’s, and additionally, Percayso. The valuation provided by Percayso was slightly higher - £7,077. However, valuing a vehicle isn’t an exact science, and there is a relatively even split in difference across the three guides. And averaging the three guides (and adding VAT) shows the settlement offer made by SoL was in the range of all the trade guides.

As outlined to Mr K by our investigator, this service’s typical approach when considering complaints about the fair market value of a vehicle is to take into account what the market leading motor trade guides say the market value is. The guides are independent of the insurance industry, and from one another. As a service, we find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures.

I do acknowledge Mr K says he can't replace his van with this amount and has provided his own adverts following research online of similar vehicles for sale, along with a letter from the original seller of his van. However, SoL has also carried out their own research and found similar vehicles for sale within the range of the settlement they offered. I should also point out that this service generally finds the motor trade guides to be more persuasive than sales adverts. This is because advertised prices are often the starting point of a negotiation and what the seller would like to achieve, rather than the final price it sells for after negotiation.

I've considered the additional information and points Mr K has provided, but this isn't sufficient to persuade me the valuation reached by SoL was unfair or unreasonable. With the above in mind, and unless anything changes as a result of the responses to my provisional decision, I won't be directing SoL to increase the settlement amount.

The claim handling

Mr K is unhappy with SoL's handling of his claim and how long it took to reach settlement. He's also unhappy with the contact from agents acting on behalf of SoL and with the lack of, and conflicting, information provided.

I can see that Mr K needed to make multiple calls to try to progress his claim, call backs weren't completed, and emails weren't acknowledged. And unclear letters and correspondence were sent to Mr K including about who was acting on behalf of SoL. And there was some confusion around contacting the named driver to obtain circumstances of the loss.

I also recognise Mr K and family had difficult personal circumstances at the time, and the claim would have added to what was already difficult circumstances. Ultimately the settlement for the van was made around four and a half months after the loss, and the personal belongings settlement around four weeks later. The claim would always have taken time to review and offer settlement, but I do agree the service Mr K received wasn't in line with his reasonable expectations.

But it isn't in dispute the service Mr K received fell short. SoL already accept that, and they offered £250 compensation for this. Having considered all the information provided, I think the compensation already offered by SoL is fair and reasonable, so unless anything changes as a result of the responses to my provisional decision, I don't intend to direct SoL to increase this.

The personal belongings settlement

Despite Mr K raising with SoL that he was unhappy with the personal belonging's settlement in his complaint to them, SoL didn't address this point in their final response. But as I'm satisfied it was raised with them, and they've already had the relevant time to consider this, I'm now considering this complaint point here in my decision. I'll also add that our investigator didn't reach a finding on this point either, despite Mr K outlining this was part of his complaint.

When Mr K's vehicle was stolen, there were some personal possessions in the vehicle. Mr K's policy covers the theft of personal possessions up to a policy limit of £300.

The items listed and provided to SoL were:

<i>Item</i>	<i>Value</i>
<i>Motorcycle ramp</i>	<i>£59.40 (invoice provided and settled)</i>
<i>Metal toolbox</i>	<i>Estimate at today's price £16.99</i>
<i>Two flashing beacons</i>	<i>Estimate at today's price – total £33.98</i>
<i>Four ratchet straps</i>	<i>Estimate at today's price – total £28.96</i>
<i>Six bungee straps</i>	<i>Estimate at today's price – total £10.14</i>
<i>Various tools collected over 40 years</i>	<i>Unknown due to amount of tools collected</i>
<i>Riding boots</i>	<i>Bought second hand £150</i>
<i>Riding hat</i>	<i>Estimate at today's price £134.95</i>
<i>Riding boot bag</i>	<i>Estimate at today's price £30</i>
<i>Riding gloves</i>	<i>Estimate at today's price £35</i>
<i>Three litter pickers</i>	<i>£75.97 (invoice provided and settled)</i>
<i>Litter picker</i>	<i>Estimate at today's price £26.45</i>
<i>Eight hi-visibility vests</i>	<i>Estimate at today's price - total £28.75</i>
<i>Fours pairs of safety gloves</i>	<i>Estimate at today's price – total £19.96</i>

Mr K accepts that there is a policy limit of £300, so that's the maximum cover he would ever be entitled to. But he's unhappy that SoL has only paid £135.37.

It appears that SoL has only paid for the motorcycle ramp and three of the four litter pickers, on the basis that receipts had been provided.

However, I don't find it unreasonable that Mr K wouldn't have receipts for all the items he's listed, given the passage of time since purchase. None of the items individually are particularly high value, and Mr K has provided receipts for two of the higher value items. The rest of the items are generally low in value, along with an unknown amount for various tools within the toolbox.

I'm persuaded, on balance, that the types of items listed were the types of items it would be reasonable to expect could be in Mr K's van at the time of theft.

Given the circumstances and items being claimed for are relatively low in value, and a large amount wouldn't be covered in any event due to the policy limit, I don't think its fair or reasonable in the circumstances for SoL to hold Mr K to the strict burden of proof for every item here.

With this in mind, unless anything changes as a result of the responses to my provisional decision, I'm minded to conclude it would be fair and reasonable in all the circumstances for SoL to pay the remainder of the personal belongings limit (£164.63). SoL would also need to add 8% simple interest on this amount from the date the original settlement was paid to date of settlement of the remainder."

So, I was minded to uphold the complaint in part and to direct SoL to:

- Pay Mr K the remaining personal belongings limit totalling £164.63
- Add 8% simple interest from the date of the previous settlement to date of payment of the remainder
- Pay the £250 compensation already offered, if they haven't already done so

The responses to my provisional decision

SoL agreed with the provisional decision.

Mr K responded to the provisional decision and was in agreement with the increased personal belongings settlement. However, Mr K said the total loss settlement should have been reached sooner and asked for simple interest to be awarded for one month on the total loss settlement amount.

Mr K also confirmed he had already received the £250 compensation.

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.

And I've thought carefully about the provisional decision I reached and the responses to it. Having done so, my final decision remains the same as my provisional decision.

I acknowledge that Mr K feels the settlement took longer than it should have and has asked for one month of simple interest on the total loss settlement amount. It isn't disputed by SoL that the claim wasn't handled in line with Mr K's reasonable expectations overall and this is why they paid £250 compensation. However, a claim will always take time to validate, finalise and settle. I think the compensation already paid by SoL overall is fair in the circumstances, so I won't be awarding a month of simple interest on top of this.

My final decision

It's my final decision that I uphold this complaint in part and direct Society of Lloyd's to:

- Pay Mr K the remaining personal belongings limit totalling £164.63
- Add 8% simple interest* from the date of the previous settlement to date of payment of the remainder

*If Society of Lloyd's considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 December 2023.

Callum Milne
Ombudsman