

The complaint

Mr L is unhappy with the service provided by West Bay Insurance Plc (West Bay) following a claim he made on his motorbike insurance policy.

What happened

Mr L purchased a new motorbike in February 2022 for £2,300. Mr L took out a motorbike insurance policy with West Bay in February 2023. The policy included a £250 excess payable in the event of a claim. The policy booklet explained in the event of a claim one of the options available to West Bay is to pay the 'market value'. The definition of 'Market value' explained '*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.*'

In July 2023 Mr L's motorbike was stolen, and subsequently recovered by the police. Mr L made a claim on his policy. The engineer's report determined that Mr L's bike was a total-loss, and placed a category B on the motorbike. The engineer checked four trade guides for determining the market value of Mr L's motorbike. The first (Glass's) and second (Parkers) trade guide didn't offer a valuation. The third and fourth offered £1,707 (CAP), and £2,028 (Percayso) respectively. West Bay accepted the claim and provided a value of £1,868 as the market value for Mr L's motorbike. West Bay explained this was because this amount represented the average of the two figures returned from the trade guides.

West Bay made an interim payment of £1,618 to Mr L (market valuation of £1,868 minus the policy excess of £250). Mr L didn't accept West Bay's response, and brought his complaint to this service for investigation.

The investigator found that the service provided by West Bay wasn't in line with our approach, and recommended West Bay increase its offer to £2,028 (the highest of the values returned).

Mr L accepted the investigator's findings. West Bay didn't agree to the investigator's findings and asked for an ombudsman to determine this complaint. During my investigation I explained to West Bay that I agreed with the investigator's findings, but I'd also expect it to pay simple interest at 8% per annum on the difference between the amount Mr L has already been paid, and the amount he should've been paid.

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 would usually refer to trade guides to determine complaints about vehicle valuation. Trade guides are based on extensive nationwide research of likely (but not actual) selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. We expect insurers to use trade guides (where possible) when valuing a vehicle for claims purposes.

Because of the type of motorbike held by Mr L, I've seen that three of the five trade guides we'd usually consider haven't returned any results for Mr L's motorbike. The values returned from CAP and Percayso were not materially different the values provided by West Bay. So I'm satisfied West Bay's reliance on the values returned from these two trade guides is fair and reasonable.

In response to the investigator's view, West Bay explained it had checked Glass's trade guide following a search completed by its in-house engineer. This search on Glass's returned a value of £1,753. West Bay say the amount it has offered already is above the average of all three guides it has checked. I've considered West Bay's reasoning. But my decisions is that this complaint is upheld. I'll explain why.

The investigator recommended West Bay pay Mr L £2,028 (the highest of the values returned)- instead of the average value of £1,868. Although the range between the two values isn't substantial, I'm satisfied it does make a material difference to what Mr L would be able to purchase in an open market when looking to replace his motorbike.

It's been difficult to find a similar specification motorbike, matching the same make and model as Mr L's, using advertisements. The investigator referred to one advert found showing a motorbike the same make and model as Mr L's, with a retail price of £2,290. The valuation of a used motor vehicle is not an exact science and can be challenging. Advertised prices are often the starting point of a negotiation, and are what the seller would like to achieve, rather than the final price the motor vehicle actually sells for. So not reflective of what it would be fair to ask West Bay to pay for the market value.

Given the recent competitive market for second-hand vehicle sales, the Financial Ombudsman Service feels it's fair to rely on the highest valuation returned by the motor valuation guides. Here that is £2,028. That is unless the insurer can show there is good reason to think a lower value/its lower value is fair. I've carefully considered West Bay's comments about its offer being higher than the average valuation of three trade guides it has considered. But I don't think this evidence reasonable persuades me to change our approach in relying on the highest valuation returned by the motor valuation guides. So I think it's fair that I require West Bay to base its total loss settlement on a trade market value of £2,028.

Putting things right

For the reasons explained, West Bay Insurance PLC is directed to:

- Settle Mr H's motor insurance claim based on a valuation of £2,028; and
- Pay interest* from the date of its original settlement until this payment is made.

*Interest is at a rate of 8% simple per year. HM Revenue & Customs may require West Bay to take off tax from this interest. If asked, it must give Mr L a certificate showing how much tax it's taken off.

My final decision

My final decision is that I uphold this complaint. West Bay Insurance PLC must follow my directions for putting things right above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 February 2024.

Neeta Karelia
Ombudsman