

## The complaint

Mrs M has complained about the way One Insurance Limited has handled her claim under her car insurance policy.

## What happened

Mrs M's car was damaged in an accident at the beginning of November 2022. She made a claim under her policy. One Insurance decided her car should be written-off and offered her a settlement based on a market value of £1,980 in mid-November. Mrs M wasn't happy about this and complained. She was also unhappy about her car being written-off and asked if she could retain it. One Insurance increased its settlement offer based on a revised market value of £2,430 in early January 2023. It also said it would deduct 40% of the market value for its loss on the salvage if Mrs M wanted to keep her car.

Mrs M wasn't happy and complained about these things and the delays caused by One Insurance with the claim against the third party's insurer for her excess and One Insurance's outlay. One Insurance increased the market value by reference to the industry guides to £3,715 and eventually reduced the salvage deduction to 24%. It also said it had provided everything the third party insurer needed and was still awaiting settlement. It also offered £350 in compensation for the distress and inconvenience caused by the delay due to some aspects of its claim handling.

Mrs M wasn't happy and asked us to consider her complaint. She said she still wasn't happy about the time it took One Insurance to make its final offer, the fact it had written her car off, the salvage deduction and the delay on the claim against the third party insurer.

One of our investigator's considered Mrs M's complaint. He said the final market value was fair. He also thought One Insurance had offered enough compensation for the delays on the claim. He was satisfied the salvage deduction was fair. He was also satisfied that One Insurance had not unnecessarily delayed the claim against the third party insurer.

Mrs M wasn't happy with the investigator's view. She said One Insurance did not provide the supporting documents to the third party insurer and this delayed the claim against it. She didn't comment on the other points the investigator had made.

As Mrs M wasn't happy with the investigator's view the complaint was referred to me for a decision.

I issued a provisional decision on 20 December 2023 in which I set out what I'd provisionally decided and why as follows:

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

*Mrs M's policy says the following:*

*What Is Covered?*

*If your car is damaged by accident, vandalism or malicious damage, we may:*

- Pay the cost of repairs to your car.*
- Replace what is lost or damaged.*
- Make a settlement payment based on the cost of replacing your car at the time of the loss or damage, taking into account its make, model, age, mileage and circumstances of its purchase by you. This shall not exceed the estimate of value that you last gave to us.*

*It seems here the insured vehicle is considered to be a total loss. And it seems from its approach that in this situation One Insurance pay the Market Value and this is defined as follows:*

*The cost of replacing your car, if this is possible, with one of a similar make, model and specification, taking into account the age, mileage and condition of your car, immediately before the loss or damage happened.*

*In assessing the market value of your vehicle, we may refer to insurance industry recognised guides of vehicle values as well as searching for available vehicles being offered for sale to the general public.*

*I'm satisfied One Insurance's decision to write-off Mrs M's car was reasonable. It estimated what it would cost to repair it. And its estimate was over £3,000. Even at the highest market value according to the industry guides this would be over 70% of the market value. So, I think this made it what is best described as uneconomic to repair and therefore a write-off. Moving on to whether the market value One Insurance used was fair. We also use industry guides for valuing vehicles to work out what a fair market value is. And we expect insurance companies to do the same. One Insurance did this and got a range of values between £3,230 and £4,181. These were from the same industry guides we use. In view of this, I think it was completely inappropriate and unacceptable for One Insurance to use a market value of £1,980 originally. And to make matters worse when Mrs M challenged this it only increased the market value to £2,430. This is despite the fact it would have been aware the correct figure was much higher than this. It was only when One Insurance issued its final response in April 2023 that it finally offered a market value in the range of the guides. This meant it delayed the settlement of Mrs M's claim by a considerable period, as she quite rightly wouldn't accept the settlement amount it had offered.*

*Our approach is to consider the guide values and see whether any evidence has been provided to support a market value of less than the highest guide value. And One Insurance has not provided any evidence. This means I think a fair market value for Mrs M's car is actually £4,181 and not the £3,715 offered by One Insurance. Therefore, I think it needs to pay Mrs M another £466 in settlement of her claim. It will also need to pay interest on this amount at 8% per annum simple to compensate Mrs M for being without these funds. I think One Insurance should pay interest from when it made its first offer, as this is when it should have offered the right amount.*

*I've considered whether One Insurance delayed the claim against the third party insurer. And I don't think it did. Despite what Mrs M has been told by the solicitor involved, it does seem One Insurance sent the evidence the third party required in good time. So, I do not really understand why the third party insurer failed to reimburse One Insurance's outlay.*

*I've checked what One Insurance deducted for its loss on salvage and I consider this to be fair. It has shown it would have got a lot more than this if it had kept Mrs M's car and passed it on to its salvage dealer. And it would normally do this where it writes a vehicle off. So I*

*think its agreement to only deduct 24% was more than reasonable in the circumstances.*

*I've also considered One Insurance's approach to the market value and the delay this caused to Mrs M's claim. As I've already explained, its approach was totally unacceptable. And, in part, it caused Mrs M to be without her car for a considerable period of time. I say this because it led to an unnecessary dialogue and undermined Mrs M's confidence in One Insurance. It did however offer £350 in compensation for distress and inconvenience. And overall I think this is fair.*

I gave both parties until 5 January 2024 to provide further comments and evidence in response to my provisional decision. Mrs M has responded to say she has no further comments to add or evidence to provide. One Insurance has not responded.

### **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.

As Mrs M has no further comments or evidence to provide in response to my provisional decision, and because One Insurance hasn't provided any further comments or evidence, I see no reason to reach a different conclusion on the fair and reasonable outcome to Mrs M's complaint to the one I set out in my provisional decision.

### **Putting things right**

For the reasons set out in my provisional decision, I've decided to uphold Mrs M's complaint and make One Insurance pay her a further £466 in settlement of her claim, plus interest at 8% per annum simple from the date it made its initial offer to the date of payment<sup>1</sup>.

If it hasn't paid Mrs M the £350 in compensation it offered, One Insurance should pay this as well.

### **My final decision**

I uphold Mrs M's complaint about One Insurance Limited and order them to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 5 February 2024.

Robert Short  
**Ombudsman**

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<sup>1</sup> One Insurance Limited must tell Mrs M if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mrs M if asked to do so. This will allow Mr M to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.