

## **The complaint**

Mr S is a sole trader. He complains that Watford Insurance Company Europe Limited (Watford) undervalued his van when he claimed on his commercial vehicle insurance policy.

## **What happened**

Mr S took out a commercial vehicle insurance policy for his van. Following an incident, Watford declared the van as a total loss. Watford offered Mr S £12,644 as the market value for his van.

Mr S didn't think this was enough and complained. He said his vehicle is worth £18,159.83 – this is based on five adverts which Mr S found for vehicles which he believes to be similar to his van. Mr S also said that his van had a cage fitted to the back which is worth approximately £3,000.

Watford maintained its position that it had fairly valued Mr S' van. It had carried out searches using relevant motor guides and was satisfied that the offer made was in line with the market value of Mr S' van. Unhappy with Watford's handling of his claim, Mr S referred his complaint to the Financial Ombudsman Service.

Our investigator looked into the complaint and didn't recommend it be upheld. She looked at the motor valuation guides we use and found that Watford's offer was in line with these guides. She also thought about the cage fitted to Mr S' van, and although Watford said their offer took this into consideration, she wasn't satisfied it had because the trade guides used only valued the chassis. However, as Mr S was unable to provide evidence that the cage attached to his van was worth approximately £3,000, the investigator concluded that Watford wasn't required to increase its offer.

Mr S didn't agree and asked for an ombudsman's decision.

## **My provisional decision**

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

The terms and conditions of Mr S' policy say that if Watford deem his vehicle a total loss, it will pay him the market value. It defines market value as that being listed in the motor valuation guides for a vehicle of the same make, model, age, trim level, recorded mileage and being in a similar condition.

Our service doesn't value vans. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant trade guides. I usually find these persuasive as they're based on nationwide research of sales prices.

In Mr S' case, the Financial Ombudsman Service checked the same three guides as that used by Watford. One guide didn't produce any results and the other two guides provided a

valuation which ranged from £11,995 to £15,583. Watford provided evidence of the valuations it carried out from the three guides which ranged from £10,872 to £16,104. However, two of the guides used do not take into account that Mr S' van had a cage fitted to the back. I'm therefore not satisfied that they're a fair way to value Mr S' van in this case. One of the guides however does provide valuations for vehicles fitted with a cage and that guide was the higher valuation of three guides from the searches provided by Watford and the Financial Ombudsman Service.

I can see that Mr S also provided five adverts for vehicles which he believed to be similar to his van. I have reviewed these adverts and while I agree with the investigator that four of the five adverts are for vehicles of a different make and model and therefore not comparable to Mr S' van, but one of the adverts is comparable. It's for the same make, model and of similar age, mileage and includes a cage fitted to the back. I therefore find this advert persuasive and note that it's in line with the higher valuation from the guides provided by Watford and the searches carried out by the Financial Ombudsman Service.

I'm therefore persuaded that this is a fairer market value of Mr S' van. Therefore, Watford should pay Mr S the higher valuation from the motor valuation guides which were carried out at the time of the claim, £16,104. Watford is entitled to deduct from this sum the policy excess and anything it has already paid in settlement of the market value of Mr S' van. Any payment made for the outstanding sum should include interest at 8% simple interest per year, calculated from the date the first payment was made until the date of settlement. This is to compensate Mr S for not having the money.

For the reasons I've explained above, my provisional decision is that I intend to uphold this complaint. It's likely I'll require Watford Insurance Company Europe Limited to pay Mr S:

£16,104 as the market value of his van subject to any applicable policy excess. 8% simple interest per year should be added to the additional amount it pays, calculated from the date of the first payment until the date of the settlement.

Watford didn't respond to my provisional decision.

Mr S responded to say he accepts my provisional 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.

As neither party have provided any further evidence or comments for me to consider, I see no reason to depart from the outcome I've reached in my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint.

Watford Insurance Company Europe Limited should pay Mr S:

£16,104 as the market value of his van subject to any applicable policy excess and deduction of any payments already made. 8% simple interest per year should be added to the additional amount it pays, calculated from the date of the first payment until the date of the settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or

reject my decision before 5 March 2024.

Ankita Patel  
**Ombudsman**