

The complaint

Mrs N has complained about Covea Insurance plc. She isn't happy about the valuation of her car after it was deemed a total loss following a claim under her motor insurance policy and about the way it dealt with her claim.

What happened

Mrs N made a claim under her motor insurance policy and her car was deemed a total loss. When Covea looked to settle the claim Mrs N wasn't happy about the way it dealt with her claim; that it wouldn't repair her car; and about the amount it offered in valuation of her car.

Once Covea considered the damage caused to Mrs N's vehicle it decided that the car was a write off as it would cost too much to repair. It looked at three of the various trade valuation guides in order to gauge the market value of her car and asked for its engineer to look into the cars market value as well. It offered £3,350 initially before going on to offer a number of valuations before eventually offering a market value of around £4,495. But as Mrs N remained unhappy she complained to this Service.

Our Investigator looked into things for Mrs N and upheld her complaint. He eventually decided that Covea's valuation was on the low side and that it should pay £4,986 alongside £300 by way of compensation. This was because he felt Covea had caused a fair degree of stress and inconvenience to Mrs N by not offering a fair valuation of her car throughout the early stages of her claim as it slowly increased its offers. And not explaining why the car was a write off and the category of salvage that had been applied to her car clearly affected Mrs N's customer journey.

Mrs N accepted the investigators position but Covea didn't so the matter has been passed to me for review.

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.

Having done so, I agree that this complaint should be upheld. I'll explain why.

This Service has an approach to valuation cases like Mrs N's which has evolved in recent times. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions. I pay attention to the various trade valuation guides used for valuing cars. And I look at any other evidence provided by both sides, such as advertisements or details about the condition of the car.

Valuing second-hand cars is far from an exact science and it isn't my role to value Mrs N's car. I'm just looking to see if Covea has acted reasonably in providing a fair market value of her car and, overall, I think its valuation wasn't fair.

Ultimately, the policy requires Covea to compensate Mrs N, the policyholder, for the market value of her car. The policy defines market value as *'The cost of replacing your car with one of the same make, model, specification, year, mileage and condition. In deciding the market value of your car, we will refer to insurance industry recognised guides as well as searching for available vehicles for sale to the public.'*

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations – which is also our starting point for most valuation complaints. And I've looked at the available guides to assess whether Covea's offer is fair and reasonable. I have reviewed four available guides, which gave values of £4,400, £4,108, £4,503, and £4,495. Plus, Mrs N paid for her own valuation from another guide around the actual time of sale which produced a valuation of £4,986.

So in looking at the valuations produced by the guides and considered by Covea's engineer I'm not sure why Covea offered a number of valuations that were significantly below the guides. And given the additional evidence that Mrs N gained (which she provided to Covea but it didn't consider), I'm not persuaded that Covea's eventual offer of £4,495 was fair. This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. Covea's offer sits towards the middle or lower values produced by these guides, and one is clearly higher, but it hasn't shown why its offer is fair, or that Mrs N can replace her car with a similar one for the amount offered.

In these circumstances, to be satisfied Covea's eventual offer represents a fair valuation, I'd expect to have been provided with other evidence (for example, adverts for cars for sale around the time of the loss or expert reports) to support that a lower valuation point is appropriate. I'd need to be satisfied that this evidence is relevant and persuasive before accepting that a lower valuation should be used. In this instance Covea hasn't produced any adverts in support of its position and its engineer clearly referenced a higher valuation than it finally offered when it initially offered a very low amount of £3,350.

As Covea haven't provided any other evidence to persuade me that a valuation in line with the higher valuation produced by Mrs N is inappropriate, and to avoid any detriment to her, the highest valuation produced by the guides is my starting point. So, considering the overall variation of values produced, and the lack of other evidence provided, I consider that a more appropriate fair market valuation would be £4,986. And Covea should pay 8% simple interest for the time Mrs N has been without the shortfall.

Finally, I don't propose to go over the detail of Mrs N's further complaint points around the poor service she received. Had she have been told how the write off process worked then she wouldn't have pushed to have her car back and repaired as it would have a salvage marker on it. It must have been very frustrating for her to have had to keep pushing the valuation of her car to gain anywhere near a fair market value for her car. Plus, had Mrs N have just accepted Covea's initial position, which most people would have done, it is clear that she wouldn't have gained a fair market value for her car. And all this was stressful and very time consuming so I agree that she should be paid £300 by way of compensation.

Given all of this, I think the fair and reasonable thing to do, in the particular circumstances of this case is to pay Mrs N £4,986 as the market value of her car and £300 compensation.

My final decision

It follows, for the reasons given above, that I uphold this complaint.

I require Covea Insurance plc to pay Mrs N £4,986 for her car and 8% simple interest on any shortfall from the date of interim payment until the date of settlement. Plus, £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 16 June 2024.

Colin Keegan
Ombudsman