

The complaint

Mr T complains about how Ageas Insurance Limited (“Ageas”) valued his car after he made a claim on his car insurance policy following the theft of his vehicle.

What happened

Mr T has a comprehensive motor insurance policy with Ageas which covers him for accidental damage, fire, theft, and attempted theft.

In June 2023 Mr T’s car was stolen. So, he made a claim on his policy. When the car was written off Ageas offered Mr T £26,408 in settlement of the claim. He says he was unable to buy a like for like car with the settlement.

Mr T believes £30,000 is a more reasonable settlement value for his car.

Mr T says he has been significantly impacted in dealing with Ageas in order to resolve his issues. He has had time off work due to stress. He wants Ageas to pay him the correct amount for his car. Because he wasn’t happy with the vehicle valuation he complained to Ageas.

Ageas said it reviewed the vehicle valuation in the industry recognised guides, taking into consideration the mileage and condition of Mr T’s vehicle. It said Glass’s guide valued the vehicle at £25,400, CAP valued it at £25,740, and Autotrader valued it at £28,086. Ageas said it considered its valuation of £26,408.66 represents a fair market value for Mr T’s car.

Mr T wasn’t happy with the response from Ageas so he referred his complaint to this service. One of our investigators looked into things for him. She said the valuation offered by Ageas was too low. She said it should increase the settlement to £27,960 based on the adverts, which represents an increase of £1,552.

Ageas didn’t agree. It said its settlement offer is the average of its three guides and therefore more than reasonable. Because Ageas didn’t agree the complaint has come to me to decide.

My provisional decision

I recently issued a provisional decision setting out my thoughts on the key complaint points and how it thought matters might best be resolved. I said;

“The Financial Ombudsman Service has evolved its approach to complaints about the valuation of used vehicles. We will continue to look at retail figures in the four trade guides (CAP, Glass’s, Percayso, and Auto Trader). And from December 2023 we will usually regard the highest of the four trade guide figures as fair unless there is enough evidence to the contrary.

The first thing I’ve considered in this decision is whether Ageas’ valuation of Mr T’s vehicle was fair. The terms and conditions that apply to Mr T’s complaint say if the car is stolen, “we will not pay more than the market value of your car at the time of the loss.” Market value is

defined as, "the cost of replacing your car with another of the same make, specification, model, age, mileage and condition as your car was just before the loss."

We don't provide valuations for vehicles but rather look at whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles for sale. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account.

I can see that Mr T has gone to some time and trouble to send a number of adverts he says shows his car was worth more. I've considered this information carefully, but the car costing £29,000 at the time has 4,900 less miles compared with Mr T's vehicle.

Generally speaking, we don't find advertisements particularly persuasive as these are essentially asking prices rather than selling prices. It's for this reason that we find the trade guides more persuasive as they provide evidence of likely retail selling prices.

I can see Ageas looked at three valuation guides and provided us with copies of those guides;

Glass's guides valued at £25,400,
CAP valued at £25,740,
Autotrader valued at £28,086.

Ageas said it took an average of the three valuations to come to a settlement figure for Mr T. The settlement it offered was £26,408.66.

We were able to obtain a valuation from one of the trade guides. At the date of Mr T's loss this guide valued the vehicle at £28,180.

I accept that the Glass's and CAP valuations are much lower than the Auto Trader valuation. The existence of the lower valuations isn't enough to show the highest valuation is unfair. And the only other evidence is the advertisements which in my view support the highest valuation.

So I don't consider the investigator went far enough to put things right for Mr T. Having considered the trade guide valuations, along with the remaining evidence, I'm more persuaded that Ageas should base its settlement payment on the higher figure from these valuations.

I am mindful that Mr T has raised some customer service issues he says he encountered with Ageas. I can see there has been considerable correspondence between the parties. It is clear from reading that correspondence that Mr T's dealings with Ageas have caused him a fair amount of distress. It's not clear whether Ageas considered the adverts Mr T sent in. And I can see how Ageas' undervaluation of Mr T's car will have caused him some uncertainty and contributed to his distress and inconvenience. On that basis I provisionally require Ageas to pay £200 to Mr T to compensate him for this.

With all this in mind, I intend to uphold the complaint and require Ageas to put things right for Mr T."

Response to my provisional decision

I asked both parties to send me any further evidence or arguments they wanted me to consider. Neither party did so.

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.

In light of the fact that both Mr T and Ageas didn't provide me with any further comments or evidence following my findings set out in my provisional decision (which I've reproduced here and which forms part of this final decision), I'm satisfied it represents an appropriate way to resolve the dispute. For the reasons set out above I'm upholding Mr T's complaint.

Putting things right

I require Ageas to;

- Settle Mr T's motor insurance claim based on a valuation of £28,180
- Pay simple interest on the difference between any interim payment and the final settlement. The rate of interest is 8% per year.
- Pay £200 to Mr T to compensate him for the distress and inconvenience I have identified above.

My final decision

My final decision is that I uphold Mr T's complaint about Ageas Insurance Limited and direct it to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 29 March 2024.

Kiran Clair
Ombudsman