

## The complaint

Mr M complains that West Bay Insurance Plc has unfairly valued his car following a claim under his motor insurance policy.

## What happened

Mr M held a motor trade policy with West Bay. In August 2023 his car was stolen and not recovered so he made a claim under this policy.

West Bay accepted the claim and said its settlement would be based on the trade market value of the car at the time of the loss. West Bay consulted a valuation guide and said the car was worth £6140 on the day it was stolen.

Mr M complained to West Bay about the offer, but it maintained its position that the offer was fair for a trade value. So, Mr M brought his complaint to this service.

Our investigator looked into the matter and thought the complaint should be upheld. She said that West Bay were entitled to use trade valuations for the vehicle, however, she didn't think it was fair that it only used one trade valuation guide when assessing the value. She looked at four of the motor trade valuation guides available for Mr M's car from around the time of the claim and through the fairest thing to do in this instance was to pay Mr M the highest of the valuations she found (£6533). This was because she didn't think West Bay had provided evidence to show that a lesser valuation was fair.

West Bay didn't agree with our investigator's view. It agreed to increase the offer to £6242 which was the average of the guides it had seen but that it didn't think it needed to pay the highest valuation. As no agreement could be reached the matter has been passed to me to decide.

## 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.

This service has an approach to valuation cases like Mr M's. When looking at the valuation placed on a car by an insurer, I need to consider if the approach they have adopted provides a fair valuation in the specific circumstances.

There isn't an exact formula or process to follow in order to value a car. Most insurers will use motor trade valuation guides when reaching what they consider as a fair price as these show values for vehicles researched from across the country and sales recent to the loss. I'm persuaded that the use of these guides does provide the most accurate way of valuing a vehicle.

The policy Mr M took out was a motor trade policy, as he used the vehicle for his business, and the terms of the policy state the most it will pay is the '*trade market value of your vehicle immediately before the loss or accident...*'. And it defines the trade market value as '*the*

*typical cost of replacing your vehicle (in its pre-incident state) with one of the same or similar make, model, year, mileage and condition within the motor trade at a price that allows for future resale at a profit, regardless of whether that is your intention.*'. As Mr M had taken out a motor trade policy, I don't think it is unreasonable for West Bay to use the motor trade value, as opposed to a retail value, when assessing the valuation. If Mr M has any concerns in relation to how the policy was sold to him, he would need to address this with the broker.

However, I don't think it is fair for West Bay to only use one valuation guide when considering the value. The second-hand vehicle market can be extremely volatile and by using only the information available from one guide, I'm not persuaded that West Bay would be ensuring that a fair price was being offered to Mr M.

Our investigator obtained trade values from four guides, which gave values of £5252, £5575, £6140, and £6533. I can see that the correct make, model, age, and mileage for the car was entered and so I'm satisfied that these valuations were accurate.

And looking at the valuations produced by the guides, I'm not persuaded that West Bay's offer is fair. This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. West Bay's newest offer sits towards the higher end of these valuations, but it hasn't shown why it thinks this offer is fair, or that Mr M could replace his vehicle with a similar one for the amount offered.

I'm aware that West Bay has used an average of the guides it has obtained to calculate its final offer of £6242. And I understand why it has calculated the valuation in this way. The approach which this service uses to decide on a fair outcome has evolved in recent times. And to be satisfied that West Bay's offer represents a fair valuation, I would expect to be provided with other evidence (for example, adverts for cars for sale at trade prices around the time of the loss/ expert reports etc.) to support that a lower valuation point is appropriate. I would only accept that a lower valuation should be used if I found any such evidence persuasive. West Bay hasn't provided any evidence to support their valuation.

As West Bay hasn't provided any other evidence to persuade me that a valuation in line with the higher valuation produced is inappropriate, and to avoid any detriment to Mr M, 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 valuation would be £6533. And West Bay should pay 8% simple interest for the time Mr M has been without the shortfall as he has been without the money owed.

I'm aware that Mr M has also complained that the no claims discount (NCD) on his policy has been affected by the claim. He has said that, as this was due to a theft of the car over which he had no control, this shouldn't impact his NCD. I appreciate that the cause of the claim was outside of Mr M's control, however, he has made a claim through his insurance policy and therefore any discount he is entitled to as a result of not making a claim may be affected. So, I'm satisfied West Bay hasn't acted unfairly here.

### **Putting things right**

West Bay must pay Mr M £6533 as the trade value of his vehicle (less any payments already made to him). It must also pay 8% simple interest on any unpaid amount from the date of the claim until the date of the settlement.

### **My final decision**

As stated above, I uphold this complaint.

I direct West Bay Insurance Plc to put things right as detailed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 6 June 2024.

Jenny Giles  
**Ombudsman**