

The complaint

Mrs B complains about Premier Underwriting Ltd (“PUL”) and the valuation placed on her car after it was deemed a total loss.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, in the summer of 2023, Mrs B’s car was involved in a road traffic accident with the damage caused leading to the car being deemed a total loss. So, PUL offered Mrs B a total loss settlement, based on the car valuation compiled by the inspecting engineer.

Mrs B was unhappy with the initial valuation and after consideration, PUL offered Mrs B a final total loss settlement of £3,003, less her excess and the salvage deduction as she wished to keep the car. But Mrs B didn’t think this offer and valuation was a fair one and so, she raised a complaint about this, asking that the valuation be increased to £4,500.

PUL responded to the complaint and didn’t uphold it, explaining why they felt the final valuation and settlement amount was fair. So, they didn’t think they needed to do anything more. Mrs B remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and upheld it. They set out our service’s approach to motor valuations. And following this approach, they thought a fair valuation was £3,225, a £222 increase on the payment already paid by PUL. So, they recommended PUL pay Mrs B this amount, plus 8% simple interest on this amount from the date PUL’s final settlement was offered, to the date of payment.

Mrs B didn’t think this recommendation took into consideration her loss of use of the car, as she didn’t think PUL made it clear whether or not the car was roadworthy. And PUL disputed the increase, setting out why they thought the higher valuation our service obtained was an outlier, and so was unfair and unreasonable to consider. Our investigators view remained the same and as both parties disagreed, the complaint has been passed to me for a 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.

Having done so, I’m upholding the complaint for broadly the same reasons as the investigator. I’ve focused my comments on what I think is relevant. If I haven’t commented on any specific point, it’s because I don’t believe it’s affected what I think is the right outcome.

Before I explain why I’ve reached my decision, I think it would be useful for me to explain

how I've reached this decision. It's important to note that the Financial Ombudsman Service has evolved its approach to complaints about the valuations of used vehicles. We continue to consider the valuations provided by the four trade guides. But from December 2023, our approach is now to usually regard the highest of these guide figures as fair, unless there is evidence that persuades me this isn't the correct approach in this individual circumstance.

Our service have been able to obtain three valuations of £3,225, £2,705 and £2,690. Due to Mrs B's car's age, we were unable to obtain a valuation from the fourth. So, in line with the approach I've set out above, my starting point is to deem a valuation of £3,225 as a fair one. I've then considered whether I think PUL have provided me with any evidence that persuades me this isn't the case here. And I don't think they have.

I note PUL feel the highest valuation of £3,225 is an outlier, as it sits higher than the other two valuations available. But I don't think the highest valuation is so vastly different that it should be considered an outlier here. And I don't think PUL have provided me with any supplementary evidence, such as adverts of cars of a similar age, make, model and mileage, that satisfy me Mrs B would be being placed in a position of betterment if she was to receive a settlement based on a valuation of £3,225.

So, as PUL have thus far only paid Mrs B a settlement based on a valuation of £3,003, I'm not satisfied they've acted fairly when valuing Mrs B's car. And because of this, I've then turned to what I think PUL should do to put things right.

Putting things right

Any award or direction I make is intended to place Mrs B back in the position she would've been in, had PUL acted fairly in the first place.

In this situation, had PUL acted fairly, I think they would've valued Mrs B's car at £3,225 and paid her a total loss settlement based on this amount, less the applicable excess and salvage deduction. So, I think PUL should pay Mrs B the difference between this and the amount she's received so far, which equates to £222. And to recognise the time Mrs B has been without access to these funds, I think PUL should pay 8% simple interest on this amount, from the date the PUL's final settlement offer was put to her, to the date of payment.

But I don't think PUL should be directed to pay anything more. While I note Mrs B has provided adverts of cars for sale that she thinks shows her car valuation should be higher, I'm not persuaded by these as they represent cars with different mileages and of different ages. And even if this wasn't the case, we would expect advertised prices to be higher than the market value, as this allows for a profit to be made on the sale. And this profit isn't something our service would expect PUL to cover, as this isn't what they state they will pay in the terms of the policy they provide.

I also don't think PUL should be responsible for any reimbursement of the storage costs Mrs B incurred for the car once it had been returned to her. This is because it was Mrs B's choice to keep the car, and then to store it in a location that she had to pay for. So, I don't think PUL should be responsible for these costs.

I think it's also important to stress that, based on the policy documents and certificate of insurance as well as Mrs B's own testimony, I'm satisfied Mrs B and her partner had access to another car. So, they were able to keep mobile during the time the valuation was being disputed. And on top of this, I note Mrs B and her partner were out of the country for large periods of this time and so, wouldn't have been using the car anyway. While I note Mrs B

has stated her partner returned to the country at times and so, could've used the car, as they had another car available, I don't think they were prevented from being mobile.

I also want to make it clear that once Mrs B chose to retain the car, it ultimately became her responsibility to ensure it remained taxed and insured. And, if she wished to do so, to have the damage repaired. So, considering the impact caused to Mrs B overall, I don't think I can say PUL's actions require any further compensatory payment to be made.

My final decision

For the reasons outlined above, I uphold Mrs B's complaint about Premier Underwriting Ltd and I direct them to take the following action:

- Pay Mrs B £222 to ensure she received the correct value for her car; and
- Pay an additional 8% simple interest on this amount from the date PUL's final settlement offer was put to Mrs B, to the date of payment.

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

Josh Haskey
Ombudsman