

The complaint

Mr B complains that AXA Insurance UK Plc (“AXA”) unfairly valued his vehicle after it was damaged beyond repair in a fire.

What happened

Mr B’s car caught fire in 2022 and was deemed to be beyond economical repair. Mr B made a claim to his insurer, AXA.

AXA accepted the claim and completed its valuation of Mr B’s car in July 2023. Mr B was unhappy about the time it took AXA to complete the valuation and about being left for a considerable amount of time without a vehicle.

AXA offered Mr B £15,695 for his car plus interest, which Mr B rejected. He said he couldn’t find a similar car priced below £17,000 and that AXA hadn’t taken into account the work on the car that he’d paid for before the fire. So he referred his complaint to our service.

Our Investigator considered the complaint and didn’t think it should be upheld. He said that based on the available motor trade guide valuations, AXA’s offer was fair and reasonable.

As Mr B didn’t agree with our Investigator, the complaint has now come 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.

Having done so, I’ve decided not to uphold this complaint. I’ll explain why.

The terms and conditions of Mr B’s policy say that if the loss or damage is covered under the policy, then AXA will pay the “*market value*” of the car, “*including accessories and spare parts at the time they are lost, stolen or damaged*”. The policy also defines “*market value*” as “*The cost of replacing your car in the UK with one of the same make, model, specification mileage, age and condition.*”

Our service doesn’t value vehicles – but we do check to see that the insurer’s valuation is fair and reasonable, and in line with the terms and conditions of the customer’s policy.

To do this, we tend to consider the relevant motor trade valuation guides. We find these are usually reliable and persuasive as they’re based on nationwide research of likely sales prices.

The four motor valuation guides we use gave values for Mr B’s vehicle of £15,950, £15,695, £15,265 and £15,234. AXA provided two valuations from the four available guides and these were £15,695 and £15,379.

AXA offered Mr B £15,695 as the market value of the car, with an additional 8% added and the policy excess of £450 deducted, which left a final offer of £16,500. Mr B rejected this

offer, saying it didn't account for the recent service, MOT and repair work he'd paid for.

But the values that are provided by motor trade guides are given on the basis that the car was already in a good, roadworthy condition immediately before the loss or damage. And I consider the work Mr B had done on the car to have been necessary in order for the vehicle to have been considered roadworthy and in a good condition. So I'm not requiring AXA to increase its offer for the work Mr B had paid for prior to the fire.

And looking at AXA's offer, I can see that it sits comfortably within the higher range of the valuations. So I'm satisfied that AXA has offered a fair price for Mr B's vehicle. Mr B has said he can't find a replacement car for under £17,000 – but bearing in mind that AXA's offer includes interest which brings it to £16,950 before the excess is deducted, I'm persuaded that Mr B should be able to find a like-for-like vehicle based on everything I've seen. I can't ask AXA to pay today's prices, as the policy states that market value means the value at the time of the loss or damage. And I haven't seen any evidence which shows that Mr B wouldn't be able to find a suitable vehicle for that price.

Mr B has also complained that a courtesy car was not provided to him whilst he was without a vehicle. But I can see that the terms of his policy don't provide cover for a replacement vehicle when the insured car is a total loss, so I don't think AXA has done anything wrong by not providing one.

AXA recognised it didn't provide the valuation as quickly as it could've and that this caused Mr B unnecessary distress and inconvenience. Mr B is aware that I'm only considering the delays which took place from July 2023 onwards, once the claim was accepted by AXA. This is because a previous complaint with our service has already looked at the delays which were caused up to that date. AXA has already offered Mr B £250 for its poor service and the delays it caused, and given the amount of time Mr B was waiting for a valuation from July 2023 onwards, and the likely impact this had on Mr B, I consider the £250 compensation AXA has already offered to Mr B to be fair and reasonable in the circumstances.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 August 2024.

Ifrah Malik
Ombudsman