

The complaint

Mr G complains about how U K Insurance Limited trading as Churchill (“UKI”) assessed his car’s value when it was written off in a claim under his car insurance policy.

What happened

Mr G had a motor insurance policy with UKI covering his car.

His car was parked when it was hit by a third party. The third party drove away and their details were obtained by Mr G chasing them on foot.

He reported the incident to UKI and made a claim.

UKI assessed his car as being beyond economic repair. It said it would declare the car a write-off.

UKI said it would pay £1,545 for his car, less the excess of £350. He had to pay the excess because the third party hadn’t admitted liability at that time.

Mr G wasn’t happy with the valuation and he complained. UKI wouldn’t increase its offer.

Mr G remained unhappy and brought his complaint to this service. Our investigator looked into it and thought it would be upheld. She thought the correct valuation of his car should have been £2,275 and she said UKI should pay Mr G the difference, plus interest at 8% simple.

Mr G didn’t agree with the view. He says he’s not able to find a replacement car at the valuation he’d been given. He also says he’s incurred hire car and other transport costs of £300 and asks that they are brought into consideration.

Because he didn’t agree, this complaint has been passed to me to make a final 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.

I can see from the file that the third party has now admitted liability and I understand Mr G has been refunded his excess.

Mr G has asked that UKI pay him £300 for his ongoing hire costs. But I can’t see that he’s asked UKI to pay these, or complained about them. Before this can be brought to this service, Mr G needs to have taken the matter to UKI and followed its complaints procedure, and I’d ask him to take that up with UKI if he wishes.

I’d also mention to Mr G that if he’s incurred what are known as ‘uninsured losses’ from the collision, then he may be able to take action against the third party driver. He can seek legal assistance if he wants to do this, perhaps by looking at a legal advice section of his policy if

he has one.

This decision solely deals with the matter of the valuation of the car.

I'm upholding Mr G's complaint, but I also think the valuation arrived at by our investigator is fair. I know this will be a disappointment for Mr G and I'll explain why I've arrived at this decision.

The approach of this service is to use trade guides to arrive at a valuation for his car. I've looked into these trade guides and I can see the following values:

Trade Guide A £1,375

Trade Guide B £1,545

Trade Guide C £2,275

It's the approach of this service that the highest value from the trade guides is used as the market value for Mr G's claim. I've not seen evidence from UKI about why it thinks this value is incorrect.

Mr G has provided a great number of adverts for similar vehicles he says shows evidence that UKI's valuation is unfair. But I can see from those adverts that none match either the age or the mileage. These are two key factors in determining the value of a car, and I don't think the adverts form a reliable basis for a revised valuation.

In later correspondence Mr G mentions some additional factors. The first is that he seeks to use a "current" valuation – in other words at the time of correspondence. But UKI's policy wording says it will settle a claim on the market value at the time of loss. So that's what should happen in this case.

Mr G also says *"I believe as a not-at-fault claimant, I shouldn't be expected to purchase a replacement car of similar mileage as I do not have the confidence and history of the car that comes with that higher mileage."*

I sympathise with Mr G here. His car was damaged by a third party and he clearly looked after his car and valued it greatly. But the policy wording is clear, UKI will pay:

"The cost of replacing your car with another of the same make and model, and of a similar age and condition at the time of the accident or loss"

So, unfortunately, he's not entitled to expect UKI to pay out more money to increase the value of his replacement car. If Mr G wishes to buy such a car, then he needs to contribute the additional funds for it.

Mr G also talks about the service history of his car, which he'd like to be taken into consideration. But it's expected that vehicles are kept maintained, and if they aren't then the value of them will be lower. So that's already taken account of in the figures shown above.

Taking everything into account, I think UKI need to settle his claim at a market value of £2,275, subject to the remaining policy terms and conditions.

Because of the time that's passed since the collision and claim, I also think UKI need to add interest at 8% simple on this increased amount from the date it made the initial payment, to the date this payment is made.

My final decision

My final decision is that I uphold this complaint. I direct U K Insurance Limited trading as Churchill to settle Mr G's claim for a market value of £2,275 subject to the remaining terms and conditions of the policy. Interest at 8% simple should be added to the increased amount UKI needs to pay over what it's already paid.

If UKI considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate, if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

UKI must pay the amount within 28 days of the date on which we tell it Mr G accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

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

Richard Sowden
Ombudsman