

The complaint

Mr R has complained about Marshmallow Insurance Limited. He isn't happy about the valuation of his car after it was deemed a total loss following a claim under his motor insurance policy.

What happened

Mr R made a claim under his motor insurance policy and his car was deemed a total loss. When Marshmallow looked to settle the claim Mr R wasn't happy with the valuation of his car.

Marshmallow looked to value Mr R's car after it was written off by looking at three of the various trade valuation guides in order to gauge the market value of his car. It offered Mr R over £19,000 for his car initially and when Mr R complained about this it increased its offer to £20,250 less his policy excess. But as Mr R remained unhappy he complained to this Service.

Our Investigator looked into things for Mr R, but she didn't uphold his complaint. She looked at four of the motor trade valuation guides available for Mr R's car from around the time of claim and thought that Marshmallow's offer was fair. This was because Marshmallow's offer of £20,250 was towards the highest valuation she found when undertaking her own research. So, although she could understand why Mr R wanted more money for his car she didn't think Marshmallow had acted unreasonably.

As Mr R didn't agree 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.

Having done so, I don't think this complaint should be upheld. I know this will come as a disappointment to Mr R who simply feels his car is worth more than Marshmallow have offered, but I'll explain why.

This Service has an approach to valuation cases like Mr R's which has evolved in recent times. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions. I pay attention to the various trade valuation guides used for valuing cars. And I look at any other evidence provided by both sides, such as advertisements or details about the condition of the car.

Valuing second-hand cars is far from an exact science and it isn't my role to value Mr R's car. I'm just looking to see if Marshmallow has acted reasonably in providing a fair market value of his car and, overall, I think its valuation was fair.

Ultimately, the policy requires Marshmallow to compensate Mr R, the policyholder, for the market value of his car. The policy defines market value as *'The cost to replace a vehicle with one of similar age, same make and model, mileage and condition at the time of the accident or loss. We decide this amount and will take into consideration factors such as a valid MOT, how the vehicle was purchased and whether it has been previously declared a total loss.'*

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations – which is also our starting point for most valuation complaints. And I've looked at the available guides to assess whether Marshmallow's offer is fair and reasonable. I have reviewed four guides, which gave values of £18,750, £19,120, £20,001 and £20,883.

In looking at the valuations produced by the guides, I'm persuaded that Marshmallow's offer of £20,250 feels fair. This is because the valuation guides have produced valuations which are reasonably consistent from the lowest to the highest. And Marshmallow's offer sits towards the higher end of the values produced by these guides, so I feel its offer feels fair and that Mr R should be able to replace his car with a similar one for the amount offered.

I know Mr R has produced a number of adverts that he feels supports a higher valuation for his car. But the adverts he has provided generally show cars with significantly less miles on than his and this clearly has a large impact on price, so I don't find them persuasive. I do accept Mr R's point that the second-hand car market is buoyant at the moment for a number of reasons. But the valuation guides take the marketplace into account and are based on sales from around the time of claim, so I feel they give a fair account of the valuation of his car.

Given all of this, I feel Marshmallow's offer of £20,250 feels fair and is in line with the highest valuation guides. So, I won't be asking Marshmallow to do anything more.

My final decision

It follows, for the reasons given above, that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 May 2024.

Colin Keegan
Ombudsman