

## **The complaint**

Mr A complains about the settlement payment One Insurance Limited (One Insurance) paid following the total loss of his car, under his motor insurance policy.

## **What happened**

Mr A was involved in a car accident. His car was written off as a result of the damage that was caused. One Insurance offered him a settlement payment for £21,000. He didn't think this was a fair valuation of his car and complained.

In its final complaint response dated 24 January 2024 One Insurance says its settlement was based on the average of two of the industry trade guide valuations. It says this was decided using its established process. However, it confirmed that it had now increased its settlement offer to £24,239. This reflected the higher of the valuations it obtained.

Mr A was concerned that One Insurance hadn't treated him fairly given the big difference between the two settlement offers. So, he referred the matter to our service. Our investigator upheld his complaint. She obtained further valuations from the industry trade guides which gave a higher valuation of £26,476. She says One Insurance should pay this amount to Mr A less his policy excess.

One Insurance disagreed with this outcome. It asked for evidence of the valuations our investigator obtained. This information was provided. However, One Insurance didn't respond to confirm if it now accepted the proposed outcome. Or if it disputed this, what the basis of its dispute was.

As an agreement wasn't 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.

Having done so I'm upholding Mr A's complaint. Let me explain.

Mr A has another complaint being dealt with by our service under a separate reference. This concerns One Insurance's handling of his claim, delays, and the service it provided. I'm not considering those issues here. My decision will focus solely on the settlement payment One Insurance offered.

I understand that Mr A wants the best offer he can get following the total loss of his car. Having read his policy terms, the policy provides a settlement payment based on the market value of his car at the time of his loss. It says this considers the car's make, model, age, mileage, and condition.

We don't provide valuations for vehicles but rather we look to see whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, engineer's reports.

One Insurance obtained two valuations from the trade guides it used. These were for £20,370 and £24,389. I'm satisfied that the valuation One Insurance obtained for £24,389 was based on the correct information. However, the valuation it obtained for £20,370 didn't include any details of the information used.

We refer to four of the industry trade guides. One of these couldn't provide a valuation. The remainder gave valuations of £24,500, £22,266, and £26,476.

The approach our service takes in these circumstances is that the insurer should base its settlement payment on the higher of the industry trade guide valuations. This is unless it can show this to be unfair.

The highest valuation we obtained was from the same trade guide One Insurance had used. It provided a screenshot showing its valuation. But as discussed, it didn't include any details to show this was based on the correct information for Mr A's car and the date of the loss. I've checked the information our investigator used when she obtained this valuation. She used the correct make, model, registration date, mileage, and date of loss. So, based on this information I'm satisfied the valuations we obtained are accurate.

One Insurance disputed our investigator's findings. But it hasn't provided information or an explanation of why it's unfair to use the higher valuation. Having considered this, I agree with our investigator that One Insurance should pay Mr A £26,476 in settlement of his claim. I can see that delays in his claim being settled are being considered separately. It's correct that interest on the delayed settlement is considered under that reference.

### **My final decision**

My final decision is that I uphold this complaint. One Insurance Limited should:

- pay Mr A £26,476 in settlement of his total loss claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 26 July 2024.

Mike Waldron  
**Ombudsman**