

The complaint

Mrs T complains that Covea Insurance plc (“Covea”) has unfairly valued her vehicle following a claim she made on her insurance policy after her car was damaged.

What happened

Mrs T’s car was damaged in 2023 when a tree fell on to it due to high winds, whilst it was parked on her driveway. She contacted her insurer who assessed the vehicle and deemed it uneconomical to repair. It offered Mrs T £6,428 in settlement of her claim.

Mrs T wasn’t happy with the offer. She said her car had been valued at £9,500 and made a complaint. Covea considered the complaint but told Mrs T that its offer was fair and in line with the industry-recognised valuation guides it had taken into account. It said it had only disregarded valuations which were not in line with the others.

Because Mrs T didn’t agree with Covea, she referred her complaint to this service. Our Investigator considered the complaint and thought Covea needed to offer more. Covea disagreed with our Investigator, so 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 to uphold this complaint. I’ll explain why.

The terms and conditions of Mrs T’s policy say that Covea will pay for loss or damage to the car by paying *“the market value of your car (as it is at the time of the loss or damage)”*. 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. I 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 Mrs T’s vehicle of £6,195, £6,720, £7,555 and £9,059. I agree with Covea that the last valuation on the list isn’t in line with the others, so it wouldn’t be fair to include it. But Covea’s current offer is towards the lower end of the valuations provided by the guides. And I don’t think it’s done enough to justify offering a lower value than the highest guide price.

I say this because Covea hasn’t been able to demonstrate that Mrs T could replace her car with a similar one for around the price it’s valued her car at. It’s accepted that of the three examples it gave, the car for sale at £7,995 is the best match in terms of age and mileage.

But it also says it’s given two other examples of cars on sale for over £3,000 less (at £4,980 and £4,995). So it says Mrs T could replace her car with a similar age vehicle of the same make and model, with just 16,000 more miles, for less than £5,000. And that if presented

with the options, one would purchase the cheaper vehicle with more miles.

I'm not persuaded by Covea's argument. I've looked carefully at the adverts provided by both parties. The two examples Covea has given of cars on sale for less than £5,000 aren't in line with the motor trade guide valuations – they're both much lower than the lowest trade guide valuation. And the other example which is on sale for £7,995 is much closer to the valuations in the trade guides. It's also the closest match to Mrs T's vehicle. So – despite Mrs T's belief that her vehicle is worth much more than this, I'm satisfied that her car should be valued at £7,995.

I realise Mrs T is disappointed with this figure, but for the reasons I've explained I consider this to be a fair and reasonable valuation in the circumstances of this case.

Putting things right

Covea Insurance plc must now:

- Pay Mrs T £7,995 as the market value of her car, subject to the remaining terms and conditions of her policy. Any amount already paid to Mrs T can be deducted from this figure.
- Add 8% simple interest per annum to the additional amount paid, calculated from the date Covea Insurance plc made the original offer until the date of settlement.

My final decision

My final decision is that I uphold this complaint and I direct Covea Insurance plc to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 31 July 2024.

Iffrah Malik
Ombudsman