

**The complaint**

Mr R has complained about the market value West Bay Insurance Plc (West Bay) placed on his van when settling a claim made under his motor insurance policy.

**What happened**

Mr R held a motor insurance policy, underwritten by West Bay, which covered his van for use for social, domestic and pleasure purposes. In March 2023, Mr R's van was damaged by fire. It was eventually declared a total loss by West Bay.

West Bay initially said the market value of Mr R's van was £2,408. But this was subsequently reviewed and increased twice. First to £2,889 then finally to £3,493. So, this is what West Bay based the total loss settlement on (before relevant deductions such as the excess).

Mr R complained to West Bay that this wasn't sufficient, but West Bay maintained its decision. West Bay also acknowledged avoidable delays on the part of one of its agents and accepted it communicated poorly during Mr R's claim. It apologised and offered £300 compensation. And it later increased this offer to £400.

Mr R remained unhappy with West Bay's position, so he approached the Financial Ombudsman Service. An investigator considered the complaint, and initially suggested it should be upheld. He said the final valuation placed on the van was fair. But he said Mr R had lost out on the use of his van for work and so he thought West Bay should increase the compensation to £550.

The investigator reconsidered his assessment following responses, because it was highlighted that Mr R was not insured to use his van for business use. In light of that, the investigator said fair compensation would be £400.

Mr R clarified that he wasn't complaining about losing use of the van for work. He was complaining that because of West Bay's delays, he lost the opportunity to secure a new commercial motor insurance policy, for his new business venture.

The investigator considered this, but ultimately maintained his view. He said West Bay was only made aware of Mr R's intentions to take a new policy two weeks prior to reaching the claim settlement. So, he didn't think it would be fair for West Bay to have to pay compensation for loss of earnings in those circumstances. The investigator maintained that £400 compensation was enough to fairly reflect the impact of West Bay's delays and poor service.

Mr R didn't agree. So, because no agreement has been reached, the complaint 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've reached the same outcome as the investigator. I'll explain why addressing the valuation and service issues separately.

### Valuation

Mr R's van was deemed a total loss by West Bay. The terms of Mr R's policy outline that in the event of a claim, the most West Bay will pay is up to the market value.

Market value is defined in the policy as:

*"The cost of replacing the insured vehicle at the time of loss or damage compared with one of the same make, model, specification and condition. If the insured vehicle was first registered as new in a country other than those contained within the geographical limits any assessment of market value will take into account that the car has been individually imported into a country contained within the geographical limits but will not include any delivery costs incurred at the time of importation. The market value will be assessed by an automotive engineer in conjunction with the published trade guides at the time of loss."*

West Bay's final calculation of the market value was £3,493, based on the highest valuation from two of the industry recognised motor trade guides.

Valuing a vehicle isn't an exact science. So, when considering disputes about vehicle valuations, as a starting point, we'd take into account what the different industry trade guides say the market valuation of a vehicle is. We'd also take into account any other available information. The guides we use as a starting point are CAP, Glass's, Autotrader and Percayso. And we'd consider the safest way to ensure a consumer receives the correct replacement cost (market value) is to make sure the insurer basis its settlement on the highest one. Or – if it doesn't – to make sure the insurer has provided sufficient evidence to demonstrate that a valuation lower than this is fair.

West Bay used two of the same trade guides the Financial Ombudsman Service typically uses when considering complaints about motor valuations. The investigator also checked the remaining two guides. But even after checking these, the highest valuation returned from the four guides was £3,493 – the amount already offered by West Bay.

So, West Bay's settlement is in line with the highest valuation returned by the motor trade guides. And I haven't been provided with any additional evidence which would lead me to conclude that a higher, or lower, valuation than this would be fair. It therefore follows that I think the valuation placed on Mr R's van by West Bay was in line with the policy terms and conditions and was fair and reasonable in all the circumstances.

### Service issues

West Bay has accepted responsibility for avoidable delays and communication issues during Mr R's claim. It apologised for the impact these had on Mr R and has offered £400 compensation.

I've seen that there were avoidable delays of at least a month in West Bay's agent being instructed to collect the van and it actually being collected. West Bay also caused further delays when unfairly valuing the van on two occasions before eventually arriving at a fair valuation, and in paying the correct settlement for Mr R's personal effects.

Mr R has explained that the delays and service issues compounded what was already a very stressful experience. He also says he was planning to start a new business venture and to take out commercial motor insurance to support this. But because of the open claim, he was unable to get a new policy for his new business.

I've thought carefully about everything that went wrong, and everything Mr R has said about how this impacted him. I agree there were avoidable delays of around a month for a fair settlement to be reached for his van and a further month for a fair settlement on all the personal effects. I can fully appreciate the level of distress and frustration Mr R has suffered as a result of the avoidable delays and poor communication. I can also understand how frustrating it must have been to want to take out a new commercial policy yet be unable to do so.

However, like the investigator, I don't think it would be fair or reasonable to direct West Bay to compensate for any potential lost earnings Mr R might have received from his new business venture. This is because Mr R only appears to have notified West Bay of his intention to take a new commercial policy for his venture around two weeks prior to a fair offer of settlement being offered for his van.

While I accept Mr R may have suffered a loss of opportunity to earn money during this period, I've not seen any hard evidence of lost income opportunities, such as evidence of work Mr R had booked in that he was unable to fulfil solely as a result of West Bay's errors. So, in these circumstances, I think it's reasonable to award compensation for the distress, inconvenience and the loss of opportunity Mr R suffered as a result of the delays and communication issues, but not to award compensation for actual lost earnings.

Taking everything into account, I think the £400 compensation West Bay has offered is sufficient to fairly compensate Mr R for the impact of the delays, communication issues and loss of opportunity he experienced solely as a result of its failings. This amount is in line with what I would have awarded had West Bay not already made an offer. So, while I acknowledge there were numerous failings on West Bay's part, I ultimately think it has done enough to fairly put things right.

### **My final decision**

West Bay Insurance Plc has made an offer of £400 to put things right and I think this offer is fair in all the circumstances.

So, my decision is that West Bay Insurance Plc should pay Mr R £400 – if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 September 2024.

Adam Golding  
**Ombudsman**