

The complaint

Mr S complains about Accredited Insurance (Europe) Ltd (“AIL”) and the pre-accident valuation (“PAV”) payment he received for his car after he made a claim on his motor insurance policy following its theft.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Mr S held a motor insurance policy, underwritten by AIL, when his car was stolen. So, he made a claim.

AIL accepted Mr S’ claim and they issued a PAV payment of £12,800, less the applicable policy excess. But Mr S was unhappy with this amount, as he didn’t think it allowed him to replace his stolen car with a like for like replacement. So, he raised a complaint.

AIL responded to the complaint and didn’t uphold it. They thought the PAV payment they made was a fair one, based on the trade guide valuations they obtained. So, they didn’t think they had acted unreasonably, or that the payment should be increased. Mr S remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into the complaint and upheld it. They explained they had obtained trade guide valuations from all four trade guides, with the highest valuation being set at £14,312. So, in line with our service’s more recent approach, they explained this was their starting point. And they didn’t think AIL have provided any persuasive evidence to show why a payment based on this valuation wasn’t fair or reasonable, considering many of the adverts provided weren’t for the exact make and model of Mr S’ stolen car. So, they recommended that AIL pay Mr S £1,512, the difference between the PAV payment AIL initially made and the highest valuation found, plus 8% simple interest on this amount from the date of the interim payment to the date of refund.

Mr S accepted this recommendation. But AIL didn’t, explaining why they thought the highest trade guide valuation was an outlier and so, shouldn’t be considered. Instead, AIL offered to increase the payment to £13,400, accepting that a higher payment was needed to allow Mr S to purchase a like for like replacement. Our investigator put this offer to Mr S, but Mr S rejected it. And our investigators initial recommendation remained unchanged. AIL continued to disagree and so, the complaint has been passed to me for a 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.

Having done so, I’m upholding the complaint for broadly the same reasons as the investigator. I’ve focused my comments on what I think is relevant. If I haven’t commented on any specific point, it’s because I don’t believe it’s affected what I think is the right

outcome.

I note that in response to our investigator's recommendation, AIL put forward a counter offer of an increase in valuation to £13,400. And in their reasoning for this, they explained this offer was put forward to ensure Mr S received a payment that allowed him to purchase a like for like replacement, in line with the cover provided within his policy.

So, considering the above, as AIL put forward an offer they felt ensured Mr S received a payment that fell in line with the terms of his policy, and this offer was higher than their original offer made before their complaint response, I think it's reasonable for me to assume that AIL have accepted their original offer was unfair and unreasonable.

Because of this, I don't think the merits of the complaint remain in dispute and instead, I've turned to what I think does remain in dispute, which is what AIL should do to put things right.

Putting things right

When thinking about what AIL should do to put things right, any award or direction I make is intended to place Mr S back in the position he would've been in, had AIL acted fairly in the first place.

In this situation, I think it's accepted by both parties that had AIL acted fairly, they would've paid Mr S a higher PAV payment in settlement of his claim. But I note it is this valuation, and what this should be, that is disputed.

Our services approach evolved around the start of the calendar year, where it was agreed that when deciding what a fair valuation should be, we would obtain trade guide valuations from all four guides and use the highest valuation as a starting point. In this situation, the highest trade guide provided a valuation of £14,312. So, for me to say a PAV payment should be paid different to this valuation, I'd need to see persuasive evidence that satisfies me this is the case.

I note AIL have referred to adverts found online, which they think supports a lower valuation. But I note the majority of these adverts don't provide a valuation for the actual make and model of Mr S' car, including its upgraded specifications. And in the adverts that I think are a closer reflection of the car that was stolen, I don't think I can say they are so far away from the highest trade guide valuation that it would suggest this valuation is unreasonable, or that using this valuation is unfair.

And while I note AIL's comments about this highest valuation, and its difference to the other three guides, I don't think it is so extremely different to these other guides that it should be discounted, especially when AIL themselves have set out their belief a fairer offer would be £13,400, which is higher than all three trade guides they originally relied upon.

So, because of the above, I think that had AIL acted fairly, they would've obtained, and used, the highest trade guide valuation of £14,312 when settling Mr S' claim. So, to place him back in the position he would've been in, I think AIL should pay Mr S the difference between the initial valuation their interim payment was based on and this higher valuation, which equates to £1,512.

And in line with our service's approach, to recognise the time Mr S has been without access to this amount unfairly, AIL should apply 8% simple interest to this amount, from the date of their interim payment to the date the additional payment is made.

My final decision

For the reasons outlined above, I uphold Mr S' complaint about Accredited Insurance (Europe) Ltd and I direct them to take the following action:

- Pay Mr S £1,512 plus 8% simple interest on this amount from the date the interim payment was made, until the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 September 2024.

Josh Haskey
Ombudsman