

## The complaint

Miss H complains about the settlement that Ageas Insurance Limited offered her for the total loss of her car following a claim made on her motor insurance policy.

## What happened

Miss H's car was damaged in an accident, and she made a claim on her policy. Ageas offered her £6,150 (the policy excess was £0) in settlement of her claim. But Miss H was unhappy with this. She thought she couldn't replace her car for this amount. She thought it would cost between £8,000 and £9,000, as shown by adverts, to replace her car.

### *our investigator's view*

Our Investigator didn't recommend that the complaint should be upheld. She thought Ageas had based its settlement for the car's market value on two of the motor trade guides we use. So she checked these and the two other trade guides we use for valuations of Miss H's car at the date of its loss. Ageas also provided an advert for a comparative car valued at £6,250. She considered a spreadsheet of valuations Miss H had provided. But these didn't show the actual adverts or the cars' values at the date of the accident. So she thought Ageas' offer was persuasive as it was supported by the additional evidence.

Miss H replied that the settlement wouldn't be enough to buy a replacement car in the current market. She said she had provided links to adverts showing similar cars to her own advertised at higher prices, but these adverts were now deleted. Miss H asked for an Ombudsman's review, so the complaint has come to me for a final decision.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Miss H and to Ageas on 20 August 2024. I summarise my findings:

I could understand that Miss H wanted a fair settlement for the loss of her car. She said she'd seen similar cars advertised for about £8,000 and £9,000 and so she was disappointed with Ageas' offer. She said she had to borrow money to buy a replacement car.

Miss H's policy provides for the car's market value in the case of its total loss. I could see that the policy booklet says:

*"We calculate the market value by looking at what the cost would be to replace your car with one of a similar age, type and mileage. We will also take into account the condition of your car just before the incident."*

The Investigator had explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor-trade guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought Ageas' settlement offer was fair and reasonable. So I checked how she came to this conclusion. I could see that she looked in the motor trade guides we use for cars of the same make, model, age, mileage, condition and optional extras as Miss H's car at the date of its loss.

Miss H provided links to adverts for similar cars advertised at higher prices. But we don't find advertisements particularly persuasive as these are essentially asking prices and aren't selling prices. It's for this reason that the trade guides are used as they provide evidence of likely retail selling prices. But I considered these and looked to see where the advertised cars were identical to Miss H's. And I could see that Ageas also looked to see where the advertised cars were of the same year and mileage as Miss H's car.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification. So we now expect insurers to pay the highest of the trade guides, unless they are able to provide us with evidence which supports a lower valuation.

Ageas had provided a valuation of £6,150, but it later said it had incorrectly calculated this and it should be £6,232. But this wasn't the highest of the valuations provided by the guides that the Investigator checked. So I looked to see if Ageas provided evidence justifying a lower valuation.

Ageas provided an advert showing a comparative car for sale for £6,250. But I didn't think this was persuasive evidence supporting a lower valuation. This was because I couldn't see the date of the valuation. And the car had four previous owners rather than one, and slightly higher mileage than Miss H's car. Ageas had rejected examples provided by Miss H because of slightly lower mileages, so to be consistent, I thought it should have rejected this example.

Ageas didn't make any deductions for Miss H's car's condition, which it said was good. The optional extras didn't add value, which isn't unusual. Ageas' offer was within the range of the valuations provided by the trade guides we use. But it hadn't provided evidence justifying not paying the highest of the valuations. And so I thought it should increase its offer to this, £6,877.

And so I thought Ageas' offer wasn't fair and reasonable as it wasn't made in keeping with our approach and the policy's terms and conditions. I couldn't see whether or not Miss H accepted Ageas' interim settlement of £6,150, which would have mitigated her losses. But Miss H had been without her money for some time. So I thought Ageas should add interest to the difference between the fair and unfair offers from the date the interim settlement was offered until the date of payment.

Subject to any further representations from Miss H and Ageas, my provisional decision was that I intended to uphold this complaint.

### **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.

Miss H replied that she accepted my provisional decision. Ageas didn't respond. So, as I have no further representations to consider, I can see no reason to change my provisional decision.

### **Putting things right**

I require Ageas Insurance Limited to increase its settlement offer to £6,877, adding interest to the difference between this and the interim offer at the rate of 8% simple per annum from the date of the interim offer to the date of payment.

If Ageas considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss H how much it's taken off. It should also give Miss H a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Ageas Insurance Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 2 October 2024.

Phillip Berechree  
**Ombudsman**