

The complaint

Mr T has complained about the market value Ageas Insurance Limited offered when it settled his claim as a total loss in October 2023. Mr T made a claim under his commercial van insurance policy.

What happened

In October 2023 Mr T made a claim for damage to his van to his insurer, Ageas. Ageas said it wasn't economical for it to repair his van. So it decided to settle the claim by paying Mr T a total loss settlement.

In November 2023 it offered a final settlement of £9,866 minus the excess of £350. It said it could issue a payment to Mr T on receipt of the V5 registration document.

Mr T was unhappy with the valuation settlement and provided examples of adverts of similar vans for sale for more. He said he couldn't buy a similar van for the settlement Ageas offered.

In December 2023 Ageas didn't uphold Mr T's complaint. It said its valuation was fair and based on motor industry guides. It said if Mr T wanted to retain his van, it would deduct a salvage fee (the fee Ageas would otherwise obtain for disposing of the salvage of Mr T's van – calculated as a percentage) from the total loss settlement. It said the salvage fee was £2,560. It reiterated its request for the V5 registration document to issue payment to Mr T.

In December 2023 Mr T asked us to look at his complaint. He provided examples of similar vans for sale for more than the settlement sum offered by Ageas. He raised further concerns which I cannot see were part of his original complaint to Ageas.

In March 2024 our Investigator recommended Ageas increase the settlement to the highest of the motor trade guides we looked at, which was £12,622 exclusive of VAT. He recommended Ageas pay interest at 8% simple interest a year on any amount it hasn't already paid Mr T. Our Investigator wasn't persuaded by the example adverts Mr T provided to depart from the motor trade guide valuation.

Mr T remained unhappy. He said no consideration had been given to the wait time of five months to receive a settlement and that he has effectively been without a working van during this time. He said he was entitled to a replacement vehicle for seven days under the terms of his policy.

Mr T was disappointed that his examples had been discounted. And he was unhappy with information the Investigator asked him for to evidence loss of earnings.

There was further back and forth between the Investigator, Mr T and Ageas. Our Investigator explained that we consider what a customer has done to mitigate their losses. He believed Mr T could have accepted the interim payment and bought a van while his complaint was being investigated to continue working.

Mr T provided a copy of his bank statements and further examples of similar vans for sale for more than the offer recommended by the Investigator. Mr T explained that it was difficult to evidence loss of earnings. He wasn't able to carry out work while he didn't have use of his van.

Ageas agreed to pay the higher total loss settlement, minus the excess and minus the original salvage fee (so at a lower percentage) if Mr T wished to retain his van. The Investigator thought this was fair.

Mr T disagreed. In summary he said he is unable to find a similar van to his for the value Ageas has offered. Mr T said his van was a low roof van, which is much rarer than a high roof van. Mr T said it is difficult to find a similar low roof van compared to a high roof version of his van. Despite this, Mr T didn't agree that to mitigate his losses, he could have accepted the interim payment and bought a similar high roof available van while we investigated his complaint.

Mr T said the only options available to him were to buy a lower spec older van or have his van repaired: either option meant he would be out of pocket by thousands of pounds.

I issued a provisional decision on 19 August 2024. I broadly agreed with the Investigator's findings, but in addition I intended to ask Ageas to pay Mr T the equivalent of seven days van hire.

Ageas didn't respond to my provisional decision. Mr T replied. In summary he says:

- He didn't understand what it meant to accept an interim payment. He believed if he accepted the settlement offered by Ageas he would lose his right to bring his complaint to us.
- He says we suggested he could have accepted the lower settlement, bought a cheap van in the interim to continue working and then try to sell it later when he found one similar to his. Mr T says this would have caused him more problems and more expense as he would have had two vans and been left trying to sell the temporary van.
- He understood he only needed to return the V5 registration document if he decided not to keep his van.
- He doesn't expect to be put in a better position, but believes he is in a worse position if he accepts my decision.
- He isn't sure if I have read all the material he has provided. He has submitted a large amount of information to support his complaint which he feels has been dismissed.
- The recent examples I referred to in my provisional decision are for high roof vans, but his was a low roof van and they would be higher priced than 10 months ago. A high roof van isn't acceptable for him to carry out his work. He doesn't consider a high roof van as similar to his. He says high roof vans are cheaper than low roof vans as they are more widely available.

So as Mr T didn't agree, the case has been passed back 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.

I said the following in my provisional findings:

"We don't decide a valuation. But we a look at whether an insurer reached its valuation fairly and in line with the policy.

Ageas says the most it will pay in the event of a claim is the market value of Mr T's van at the time of loss. The term 'market value' is defined as:

"The cost of replacing the vehicle with one of a similar age, type, mileage and condition, immediately before the loss or damage happened."

We have a long standing approach to valuation complaints. Unless the policy is an agreed value policy – or the vehicle in question is extremely rare or unique – we find the main motor trade guides are a reliable way to reach a valuation. They provide average prices based on a van of the same make, model, age, condition and mileage as Mr T's based on research of likely selling prices. We look at the 'retail transacted' valuation as this represents the amount a customer would pay for a van similar to Mr T's from a retail dealer.

Having checked the guides, I don't agree that Ageas reached a fair valuation for Mr T's van. The guides for the month of loss show us that the highest valuation from the guides to be £12,622. This is a considerable difference in the valuation Ageas offered Mr T of £9,866. So I think Ageas acted unreasonably here.

I've looked at the adverts Mr T provided. They range in age and mileage – and I appreciate that Mr T says some of the examples are for a lower base model to his – but still priced significantly higher than £12,622 (excluding VAT).

I recently looked again at one of the main online selling sites and was able to find examples of similar vans to Mr T's. Two examples show as follows: A 2018 registration with almost 20,000 miles below Mr T's with a for sale price of £12,450 + VAT. A 2019 registration with similar mileage to the 2018 van for sale at £12,995 + VAT.

As Mr T's van was registered in 2015, and taking into account the month of loss was October 2023, comparably I think this shows that the valuation of £12,622 is within the range of reasonable. I understand that finding an exact replica of Mr T's van - as he says the low roof is extremely rare - is difficult. But because of this, I think it's reasonable for Mr T to have considered mitigating his losses by providing the information Ageas needed to release an interim payment to him sooner. And the motor trade guide we relied on to obtain a valuation of £12,622 was based on the registration of Mr T's van. So I'm satisfied it took into account all of its specifications.

So I'm upholding Mr T's complaint in part. Subject to receiving the verification documents it asked for, I think Ageas should increase the total loss settlement to £12,622 (minus deductions for salvage and excess). I think it should pay interest on the amount from the first date it could release payment – so the date it received the V5 registration document – to the date it pays Mr T.

Mr T says he was entitled to a replacement vehicle for the first seven days but Ageas didn't offer him one. In July 2023 Ageas offered to pay a further payment of £179.69 as the equivalent costs it would have paid to provide Mr T with a replacement vehicle for seven days. It subsequently withdrew this offer as it said Mr T didn't have this level of cover.

I've looked at the policy wording Mr T received via his broker. The terms and conditions of the policy with Ageas say:

“Replacement vehicle

As a contribution to keeping you mobile, we will arrange for a supplier to provide you with a replacement vehicle for up to seven consecutive days following an incident covered by your policy. The vehicle provided will be:

- a car-derived style van, where the vehicle is a light goods vehicle that weighs up to 1.8 tonnes revenue weight (the revenue weight is shown on your UK registration certificate V5C).*

- * a panel van, where the vehicle is a light goods vehicle that weighs between 1.8 and 3.5 tonnes revenue weight (the revenue weight is shown on your UK registration certificate V5C).*

The supplier will provide the replacement vehicle whilst the vehicle is being repaired or until we make a settlement offer”

I'm unable to find that Mr T doesn't have this level of cover from the policy documentation provided. So from the information available to me, I think Ageas should pay Mr T the equivalent sum it would have paid to provide a replacement vehicle for seven days.

I think Mr T has been inconvenienced by not receiving a fair valuation for his van. But I cannot say with certainty that Ageas is responsible for a delay in sending Mr T an interim settlement as it's not clear to me when or if Mr T provided Ageas with the V5 registration document it asked for in November and December 2023. So I think a fair outcome is for Ageas to pay Mr T interest at our preferred rate from the date it received the V5 registration document to the date it pays."

In response to Mr T's comments, I can confirm I have carefully considered all of the information he provided – both before and after my provisional decision.

As explained in my provisional decision, I looked at vans that were at least a year younger, to take into account the gap between the month of total loss and today, so that they were comparable. I understand that the examples I looked at are for high roof vans which I consider similar, but Mr T doesn't agree. However, if as Mr T says his (low roof) van is rare to find a similar make, age, specification, condition and mileage, then I think it's reasonable to expect anyone in Mr T's circumstances to have taken steps to mitigate his losses as a self-employed trader.

I appreciate this would mean some inconvenience in potentially having to replacing an interim van with another after our decision, but I think there were reasonable options available to Mr T to allow him to continue working. I can't see that Mr T was led to believe if he accepted the interim payment, he was prevented from bringing his complaint to this service.

In my provisional decision, I said that the trade guides which we looked at, when deciding a higher valuation was fair, were based on the registration details of Mr T's van. This means they were based on a low roof van to match the specification of Mr T's. Examples provided by Mr T of similar vans for sale, provided in February 2024, are from social media sites. Mr T provided further examples in March 2024. The examples which closely match what Mr T wants as a total loss settlement are either lower in mileage or up to four years younger in age to Mr T's van. So I haven't seen enough persuasive evidence to depart from my provisional decision. I maintain the view that a valuation of £12,662, based on the highest of the trade guides for a van of the same make, model, age, condition and mileage, is fair and reasonable.

In Ageas' letter dated 23 November 2023, it asked for a section of the V5 document to be returned if Mr T decided to keep the van. But I don't agree that Ageas said it needed the return of the V5 document only in these circumstances.

Earlier in the same letter Ageas wrote:

"Payment process:

We will need to verify the Vehicle Registration Document V5C (log book) please either:

Call us with your V5C to hand.

Email a copy of the V5C to us.

Forward a copy of the document by post."

So I think Ageas explained to Mr T that it would need the V5 registration document in order to pay the claim.

I understand Mr T will be very disappointed with my decision. But having considered everything, my remedy remains as it was in my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Ageas Insurance Limited to do the following:

- Pay Mr T £179.69 as the equivalent costs it would have paid to provide a hire vehicle for seven days in line with the policy.
- Increase the total loss settlement to £12,622 (minus the excess - and salvage fee of £2,560 if Mr T retains his van)
- Pay interest on the total loss settlement from the date Ageas received the V5 registration document to the date it pays at a rate of 8% simple interest a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 2 October 2024.

Geraldine Newbold
Ombudsman