

The complaint

Mr S is unhappy Ageas Insurance Limited hasn't paid him anything after he made a claim for vandalism to his car. He's also unhappy it won't return his car to him.

What happened

In March 2023 Mr S contacted Ageas to claim for vandalism damage inflicted to his car. Ageas inspected the car, but said the engine had failed which it said wasn't claim related. So it thought the car only had a salvage value of up to around £500. It said, as Mr S had an excess of £500, there was nothing to pay on the claim.

Mr S asked Ageas to return the car to him if it wasn't going to settle the claim. But Ageas said its engineer had categorised the car as a category B total loss. And it said it was unable to return the car to him in these circumstances. Mr S didn't think this was fair. He said the engine was largely fine, but had issues starting. He didn't agree with the car's valuation but also thought it was tantamount to theft if Ageas doesn't return the car to him.

I issued a provisional decision upholding this complaint and I said the following:

"I intend to partially uphold this complaint and I'll now explain why.

Valuation of the car

Ageas has said the car only had salvage value because the car's engine was damaged. I can see engineers attended and were unable to start the car's engine. They've highlighted that the engine management light was on, highlighting an issue with the engine. Under the terms of the policy, Ageas was required to pay the car's market value which was defined as "the cost of replacing your car with one of the same make, model, specification, year, mileage and condition."

Ultimately, Ageas was entitled to think about how much Mr S's car would sell for on the open market, given that's essentially the most accurate reflection of the cost of replacing his car with one of the same make, model, specification, year, mileage and condition. In this case, Mr S's car was around 17 years old, had travelled around 170,000 and clearly had an engine issue. A buyer would have taken all this into consideration in assessing what they're willing to pay for the car.

I note Mr S says he believes the only issue was the starter motor, which wouldn't cost much to fix. But I haven't seen enough to support this. And, ultimately, I'm satisfied the engineer was unable to start the engine and I've seen evidence the engine management light was illuminated – suggesting an issue with the engine itself. Given all this, I don't think it was unreasonable that Ageas concluded the car only had salvage value. And I'm persuaded by what Ageas has said that the car's salvage value would be between £300-£500.

Mr S's policy had an excess of £500 – i.e. Mr S had to pay the first £500 of any claim. Ageas has set out that the car's value was likely to be less than that, so it said it had nothing to pay under the terms of the insurance policy. I don't think this was unreasonable.

Retention of the vehicle

While I don't think Ageas have unreasonably valued Mr S's car, I think it has treated him unfairly in its discussions with Mr S about what will happen with his car.

It's important to highlight that Ageas has not paid anything under the policy, so the car remained Mr S's property. I recognise Ageas has categorised the car as a category B total loss and there are codes of practice relating to this. But I don't agree that Ageas can't return the car to him. If I were to accept the car was a category B total loss, which I should say I don't, under the codes of practice Ageas has to take reasonable steps to ensure the car is not returned to the road.

In this case, Mr S has said he wants Ageas to return the car to him so that he can sell the car to a breakage yard to recoup money. I think, therefore, Ageas should have returned the car to him. However, even if that's not the case, it's not fair for it to retain the equity in the car as the car did not belong to Ageas. So at the very least, I think it should have said it would sell the car for Mr S to a breakage yard and Mr S takes receipt of the proceeds of the sale. But it was not fair for Ageas to decline the claim and then take receipt of the proceeds of sale for a car it did not own. So I think it's treated Mr S unfairly in this regard.

Putting things right

As I said above, I think it was unfair for Ageas to retain possession of Mr S's vehicle and give Mr S no options regarding the equity in the vehicle itself. I also think this has caused Mr S a lot of distress and inconvenience. He's had his vehicle taken away from him, been prevented from releasing any equity in the car and he's continually had to contact Ageas to try to resolve this matter too. So I think it should do the following to put things right:

- 1. Either arrange to return the car to Mr S so he can sell it to a breakage yard himself; or*
- 2. Arrange to sell the car on Mr S's behalf and for the proceeds of sale to be sent to him*.*
- 3. If it has already sold the car, it should pay the amount it received for the car to Mr S*.*
- 4. Pay Mr S £300 in compensation for the distress and inconvenience this matter has caused him.*

** It should add 8% simple interest per year from the date of loss until Ageas pays this. If Ageas thinks that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax if appropriate."*

Ageas responded to say it had settled the complaint in line with my instructions above.

Mr S responded to say he had provided Ageas with the invoice for the new starter motor and confirmation he later returned it as he didn't need it. He also said he'd provided evidence of the call out for a breakdown recovery company.

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 note the comments Mr S raised. But they don't change what I said in my provisional decision. And I'd considered these comments previously while reviewing his complaint. So I see no reason to reach a different conclusion to the one I reached in my provisional decision.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint. I understand Ageas Insurance Limited has already settled the complaint in the way I set out under "putting things right". But it should do so if it hasn't actually done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 October 2024.

Guy Mitchell

Ombudsman