

The complaint

Miss M complains about how West Bay Insurance Plc (West Bay) valued her vehicle following a claim made under her motor Insurance policy.

References to West Bay include its agents.

What happened

In September 2023 a third-party collided with Miss M's parked vehicle. Miss M reported the accident to West Bay to claim for the damage.

Miss M says West Bay initially said her vehicle was repairable. However, in January 2024 West Bay declared Miss M's vehicle a total loss. So, it said it would settle Miss M's claim by paying her the car's market value.

West Bay initially valued Miss M's vehicle at £3,410. It calculated this sum by reviewing three valuation guides giving figures of £3,560, £3,955 and £4,064 respectively. It also deducted £150 relating to pre-accident damage to Miss M's vehicle.

Miss M rejected West Bay's valuation as she didn't think it was fair. Miss M was seeking a valuation of her vehicle that was equal to the outstanding sum on her finance agreement. West Bay increased its valuation to £3,859.50. It did so based on the difference between the two highest valuation guides and took into account the deduction of £150 for pre-accident damage. Whilst Miss M accepted West Bay's valuation as an interim payment, to be paid directly to her finance company, she still disputed the valuation of her vehicle and raised a complaint.

In response, West Bay upheld Miss M's complaint in part. West Bay said it was unable to raise the pre-accident valuation to cover Miss M's finance amount as it had put forward the highest amount based on the valuation guides. West Bay said that the time taken to repair Miss M's vehicle, which was then deemed a total loss, was beyond its acceptable timeframe. As a result of the delay, West Bay awarded Miss M £150 compensation as an apology for the poor service and inconvenience caused.

Dissatisfied Miss M brought her complaint to this Service.

Since Miss M referred her complaint to this Service, West Bay increased its previous valuation of Miss M's vehicle to £3,914. This was based on the highest valuation guide of £4,064 with a reduction of £150 for Miss M's pre-accident damage.

Our Investigator said West Bay was required to pay Miss M the market value of her vehicle and this definition was set out in its policy terms. He looked at four valuation guides and said although they showed some variance to the valuation guides obtained by West Bay, West Bay's latest valuation was close to the highest valuation obtained. As to the pre-accident damage, our Investigator said the deduction of £150 was not unreasonable. He said West Bay's latest valuation was therefore positioned as this Service would expect.

Miss M hadn't provided our Investigator with any evidence to show that West Bay's valuation was not appropriate. Our Investigator therefore considered West Bay's final vehicle valuation to be fair and reasonable.

As to the delay between Miss M being advised her vehicle was repairable before being told it was a total loss, our Investigator said the £150 paid by West Bay was fair and in line with what this Service expects when a business makes service failings which lasts a number of weeks.

Miss M disagreed with our Investigator, so it 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.

I've decided to uphold this complaint and I'll now explain why; -

My role isn't to work out the exact value of an individual vehicle. It's to look at whether an insurer has applied the policy's terms and conditions and valued the market value of the vehicle fairly.

At page 12 of Miss M's policy terms and conditions this provides a definition of market value. It says;-

"Market value - The cost of replacing the car with another of the same make, specification, model, age, mileage and condition as the car immediately before the loss or damage happened"

Further at page 15 it states; -

"The insurer will not pay more than the market value of the car at the time of the loss..."

The above policy terms are therefore clear that West Bay will only pay the value of Miss M's vehicle as it was immediately before the accident occurred.

Finance Agreement

I understand from West Bay's file that Miss M is looking to obtain a valuation for her vehicle equal to the amount outstanding on her finance agreement. I know Miss M will be disappointed but, as per the policy terms and conditions above, this isn't what is covered under her insurance. West Bay is required to pay the market value of her vehicle at the time of the loss and not more than that. This is standard for any car insurance policy.

Vehicle Valuation and Pre-Accident Damage

West Bay when assessing a fair market value of a vehicle, will use valuation guides. The valuation guides will be based on the advertised prices of similar cars, with a similar age and mileage as the vehicle it's valuing, at the time of loss. It isn't unreasonable for West Bay to do this and is standard practice within the industry.

West Bay have provided three valuation guides it used when valuing Miss M's vehicle, providing valuations of £3,560, £3,955 and £4,064. I can see the correct vehicle information has been used for these guides. I'm satisfied the values obtained are relevant to Miss M's vehicle. This Service has obtained a fourth valuation of £4,109. I'd consider it good industry practice for West Bay to look at the highest valuation guide, as the fairest reflection of the market value of Miss M's vehicle, unless it can show this isn't a fair reflection of the vehicle's market value. West Bay's latest valuation of £4,064 before deductions, is close to the

highest valuation guide. It's also in line with adverts for similar cars West Bay has provided and other's I've seen. So, I think it's fair.

West Bay however deducted £150 relating to pre-accident damage from its valuation, thereby giving the reduced valuation of £3,914 for Miss M's vehicle.

When thinking about whether the deduction of £150 was fair and reasonable, I've looked at the engineer's report obtained by West Bay along with considering the age and mileage of Miss M's vehicle at the time of the loss. Having done so, I don't believe the deduction of £150 was reasonable.

Miss M's vehicle was 10 years old at the date of loss and had mileage of 72,944. It's reasonable therefore to expect that Miss M's vehicle would've experience some wear and tear. When looking to reduce the pre-accident value of a vehicle, West Bay should only take into account damage which isn't commensurate with the age and mileage of the vehicle.

Looking at the engineer's report, it references pre-accident damage to Miss M's vehicle to two doors and the front bonnet trim missing. Photographs contained within the engineer's report are supportive of the front bonnet trim missing and I'm satisfied this could be considered greater than normal wear and tear. And therefore, the deduction of £50 for this is reasonable.

I don't however believe West Bay have given reasonable enough evidence to show the alleged damage to the two doors. I'm therefore conscious the reduction of £100 in relation to the damage to the two doors isn't supported.

I therefore believe West Bay were unreasonable to deduct £150 for pre- accident damage and instead this should be reduced to £50, meaning West Bay should pay to Miss M a further £100.

West Bay's initial valuations of Miss M's vehicle were lower than I would've expected based on the valuation guides it had obtained. However, its final valuation of £4,064 before deductions, I believe to be fair.

Service Complaint

West Bay has acknowledged its poor service and inconvenience caused to Miss M. I understand from the file West Bay has paid £150 to Miss M. I believe this to be fair and reasonable and in line with what I would have awarded.

Putting things right

West Bay Insurance Plc has already made an interim payment of £3859.50 to Miss M's finance company. So, to put things right it should pay a further £154.50. This relates to £100 for the pre-accident damage previously deducted and the difference between its interim payment of £3859.50 and its final vehicle valuation.

Should any finance remain outstanding, the £154.50 should be paid to Miss M's finance company, in line with the interim payment already paid, or in the alternative, to Miss M. And, add 8% simple interest from the date of the interim payment until it pays the additional £154.50.

My final decision

My final decision is that I uphold this complaint. West Bay Insurance Plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 30 December 2024.

Lorna Ball
Ombudsman