

complaint

Mr S complains about the settlement he's been offered under his motorcycle insurance policy with Zenith Insurance Plc.

background

Mr S was involved in a motorcycle accident in 2016. His motorcycle was declared a total loss. Mr S was originally offered around £1,000 (less his excess) for his motorcycle. After Mr S complained, Zenith offered him £1,100 (less his excess). Mr S remained unhappy.

Mr S has since told our investigator that he'd like the motorcycle returned, so he can sell the parts. Zenith has said that the motorcycle was disposed of but hasn't been able to show us it had permission to do this – as Mr S never accepted the settlement. Mr S has submitted a report of how much he could've sold the parts for. Zenith had an engineer review this in line with the damage to Mr S's motorcycle. It offered to pay him £565 for the parts he could've sold had the motorcycle not been disposed of.

Our investigator felt this was fair. He explained that he felt the market value of the motorcycle was reasonable and in line with the trade guides and the total settlement offered was fair. This settlement consisted of:

- Market value of £1,100
- Less excess of £325
- Less salvage cost of £121
- = £654
- Plus value of parts £565
- = £1,219

As Zenith had already issued a cheque to Mr S for £775, the remaining amount due to him would be £444.

Mr S disagreed that this was a fair offer. He explained that the parts are worth more than the offer of settlement. So the complaint has been passed to me to reach a decision.

my findings

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 think the offer Zenith has made is fair. I'll explain why.

market value

When an insurer calculates how much the market value of a vehicle is, I'd expect it to be guided by what the trade guides say. And I can see that it has been on this occasion. The highest valuation in the trade guides for Mr S's motorcycle is £1,100 – this is the amount Zenith has offered him. So I think it's reasonable.

Mr S has an excess on his insurance policy of £325 which will be deducted from this amount in line with his policy terms. This is fair. I understand Mr S has said he didn't want to make a claim, but the notes at the time suggest that he did – and without making a claim he wouldn't be able to recover the valuation of the motorcycle from his insurer.

other issues

Mr S says that he wanted to take his motorcycle back from salvage to sell its parts and understood there would be a cost for this. The cost would've been £121. However, the motorcycle was disposed of. As Mr S never accepted settlement for the total loss, Zenith didn't own the motorcycle – so it didn't have the right to dispose of it. So it's fair that it assesses how much Mr S could've received for selling the parts. Zenith has done this.

Mr S submitted a valuation of parts on his motorcycle for consideration. Zenith has considered this valuation and explained that it's based on "good condition" parts. It then considered the parts from Mr S's motorcycle that were salvageable after the accident and valued them based on the condition. Having looked at this valuation, I think the amount of £565 for the parts is fair as the engineer has given an explanation as to why parts won't be as valuable as Mr S's report.

I've taken on board Mr S's comments that he viewed the motorcycle with an expert just after the accident and feels the restoration work would be minimal for some of the parts. But I believe Zenith's engineer's report is likely to be a more accurate representation of how much the parts were worth – because it appears to be based on first hand inspection and after considering the photos of the motorcycle in detail.

is the offer fair?

Overall, the offer Zenith has made to Mr S is fair. The offer takes account of the market value of the motorcycle, the policy excess and the amount Mr S would have had to pay to retrieve his motorcycle from salvage. It then also provides an amount that Mr S *could* have received from selling the parts. So I think the total offer of £1,219 is fair.

my final decision

The offer Zenith Insurance Plc has made to Mr S is fair. If Mr S accepts, Zenith must pay him a total of £1,219 overall including the amount it has already paid him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 May 2018.

Charlotte Wilson
ombudsman