

The complaint

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Mr and Mrs P complain about how Ageas Insurance Limited ("Ageas") handled a claim they made on their car insurance policy following an accident.

What happened

Mr and Mrs P have motor insurance with Ageas. The policy renewed in January 2022. Unfortunately in October 2022 they were involved in an accident.

Ageas initially said it would write the car off. But Mr and Mrs P say Ageas then said the car was repairable, and so four months after the accident the car was booked in for repair. There was no courtesy car available and as a result Ageas decided to write the car off, especially given the length of time it was likely to take to carry out the repairs.

In April 2023 Ageas said it would repair the car but changed its mind again and decided to proceed with the write off. Ageas offered Mr and Mrs P just over £6,000 for their car, which they rejected, they say the car was insured for approximately £12,000. Ageas told Mr and Mrs P their valuation was based on the price in Glass's guide but they think it's more appropriate to consider the price in the market. Ageas increased its offer to approximately £8,000 which it said was the CAPs guide price. Mr and Mrs P weren't happy with this offer since they wouldn't be able to replace their car like for like with that settlement. They said they should be left in the position they were in before the accident.

Mr and Mrs P say they've provided Ageas with copies of similar cars and what they're on sale for in the marketplace, together with the sold price of similar vehicles. But Ageas refused to increase their valuation or provide Mr and Mrs P with a courtesy car.

Mr and Mrs P say they live 30 miles from the nearest shop and there is limited public transport where they live, and so it's been difficult without their car. In the end Mr and Mrs P purchased a replacement vehicle for around £11,000 and had to travel 500 miles to collect it. Mr and Mrs P weren't happy with the service they received from Ageas and so they complained.

Ageas apologised for the lack of updates and conflicting information that was provided in respect of the claim. It said initially the vehicle was deemed uneconomical to repair. It said its total loss department then instructed one of its garages to deal with the vehicle repairs. Ageas accepted that at this stage Mr and Mrs P should have been updated with what was happening with their vehicle, but they weren't. Ageas said the repairs wouldn't be booked in with the garage until January 2023 and because Mr and Mrs P had standard cover they would only be provided with a courtesy car during the duration of the repairs, under the terms of their policy.

Ageas said due to the time scale for repairs it was recommended that the claim be sent back to total loss department to deal with the valuation. When dealing with the valuation Ageas said it took into account the mileage and condition of the vehicle and used industry recognised guidebooks, Glass's and CAP. Glass's guide said £6,280 and CAP guide said

£8068. Ageas said on that basis it was satisfied its valuation of £8,068 represents a fair market value for the vehicle and as such it was unable to increase it.

Mr and Mrs P weren't satisfied with the response from Ageas and so referred their complaint to this service. Our investigator looked into things for them. He said he thought Ageas should do more to put things right. He disagreed with the valuation which he said was £9,466. The investigator also said Ageas should pay 8% interest on the claim, less any payments already made, from the date the initial settlement was offered. The investigator suggested Ageas pay £200 for distress and inconvenience.

Mr and Mrs P didn't agree with the investigator's outcome and said they were unable to find one for less than around £12,000. The investigator provided details of sold car prices around the time Mr and Mrs P made the claim but Mr and Mrs P remained dissatisfied. And so the complaint has come 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 can see this incident and its consequences have had a significant impact on Mr and Mrs P. I can understand why they are frustrated by the handling of the claim and level of settlement. My role here is to look at whether Ageas acted in a fair and reasonable manner, and within the terms and conditions of the policy in the handling of the claim.

Courtesy car

The terms of the policy say, *"if you are using an approved repairer you will be offered a small courtesy car to drive whilst yours is being repaired. Please note: the courtesy car may not be the same size as your own car. If you wish to have a larger car, you may be able to upgrade if you pay an additional sum to the approved repairer."*

The policy goes on to say Ageas doesn't offer a courtesy car, *"if we've decided not to repair your car."* Initially the vehicle was considered uneconomical to repair and so a courtesy car wasn't provided as per the terms of the policy.

The decision was made to assess and repair the vehicle. Since the repairs were booked for the end of January 2023 and Ageas considered Mr and Mrs P's car to be driveable, so, again, a courtesy car wasn't offered. I understand this was difficult for Mr and Mrs P but Ageas were acting under the terms of the policy. And I think that's reasonable in the circumstances.

There's no dispute Mr and Mrs P were told different things regarding their claim when they spoke to Ageas when they shouldn't have been. I think the confusion over what was happening with the car caused further confusion over the provision of the courtesy car. And I understand it will have been frustrating for them, especially given the circumstances Mr and Mrs P describe about their reliance on their car in their day to day lives.

Valuation

This service's role isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied terms of a policy correctly and valued the vehicle fairly. Under the terms of the policy Ageas must pay them the market value of the car at the time of loss less the excess.

Mr and Mrs P's policy 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."* The policy defines market value as, *"the cost of replacing the car with one of a similar age, type, mileage and condition, immediately before the loss or damage happened."*

I need to consider whether Ageas used the right market value for the car under the terms of the policy. Standard practice is to use industry accepted trade guides which are based on extensive nationwide research of likely selling prices by reputable dealers. I have seen copies of the valuations used by Ageas and am satisfied the correct vehicle details were used to obtain them.

Ageas' policy says its approach to the valuation is to reflect accurately the market value of the vehicle prior to the incident. Its starting point is the available guides referred to above. Ageas reviewed its initial valuation and increased it to the highest valuation from the ones it looked at.

Mr and Mrs P complain that Ageas' figure is lower than the prices they were able to find and they didn't see a comparable car for the price of the settlement value. Mr and Mrs P provided a number of adverts for similar cars to their own which showed a variance in price. But the variance in price demonstrates that valuing a car isn't an exact science.

As explained above the guides are based on extensive nationwide research of likely selling prices. So while individual cars may be advertised at a higher or lower price, the guides give an average value of a car with its specific characteristics. Ageas used the guides to offer £6,280 initially, and then £8,095, but Mr and Mrs P rejected both of these offers. But I can't say Ageas did anything wrong here since it based its settlement offer on the guides.

The investigator noted the number of similar cars available to purchase was limited. And so relying solely on the price guides may not have been the fairest way to arrive at a settlement figure. The investigator looked at similar cars sold and for sale at the time Mr and Mrs P made a claim, these gave the following values for the car;

- £8,950
- £9,500
- £9,950

The investigator suggested a settlement figure of £9,466 based on sales of similar vehicles, and this falls within the range of figures detailed above. It's for that reason I feel the valuation of £9,466 is reasonable.

I can see Mr and Mrs P had to contact Ageas on numerous occasions in order to find out what was happening with the collection of their car, and to chase up the repairs to their vehicle. The service provided by Ageas has fallen short of what I would have expected. Ageas didn't provide Mr and Mrs P with updates regarding their vehicle repairs, and there was confusion in the communication regarding whether the car would be written off or not.

Our investigator suggested Ageas pay Mr and Mrs P £200 to reflect the distress and inconvenience caused by the shortcomings in the service. I'm satisfied this is a fair and reasonable offer. I say this because I think it fairly recognises the upset caused to Mr and Mrs P in relation to the above.

I know my answer will be disappointing for Mr and Mrs P, and I agree the service they received fell short of what I would have expected. To put this right I have directed Ageas to take a number of steps detailed below.

Putting things right

Ageas should;

- Pay Mr and Mrs P £9,466 in settlement of the claim, less any excess or other payments due under the terms of the policy,
- Add interest to this at a rate of 8% simple per year from the date of the original settlement offer until the date it makes payment,
- Pay Mr and Mrs P £200 for the distress and inconvenience caused

My final decision

For the reasons set out above I uphold this complaint and direct Ageas Insurance Limited to do what I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 4 August 2023.

Kiran Clair
Ombudsman