

The complaint

Ms R is unhappy with the settlement she's been offered by U K Insurance Limited trading as Privilege Car Insurance (UKI) after she made a claim under her car insurance policy. She's also unhappy with the delay in being provided with a hire car.

What happened

Ms R's car was damaged, so she made a claim to UKI, her car insurance provider.

UKI deemed the car a total loss and offered a settlement which they said was market value, they also deducted 20% from this amount as the car was previously a total loss. The total settlement offer before excess deduction was £3,402.

Ms R believes the settlement should be higher and has provided online adverts which she said show this. She was also unhappy with the delay in a hire car being provided during the claim.

UKI offered £100 compensation for the delay in a hire car being provided, but the settlement offered remained the same.

Our investigator looked into the complaint, but she didn't uphold it. She said the settlement offer made by UKI was fair, so she didn't recommend it be increased. She also said the compensation offer made by UKI was reasonable, so she didn't recommend UKI do anything further.

Ms R didn't agree and asked for a final decision from an ombudsman.

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.

Having done so, I've reached the same outcome as our investigator.

I should also explain that the only complaint points I'm considering here in my final decision are the settlement offer made by UKI and how they reached that amount, and the delay in providing a hire car.

Recently Ms R has mentioned additional complaint points to this service. However, she hasn't yet raised these with UKI, so they haven't yet had the opportunity to consider or address these and they need to have the opportunity to in the first instance, before our service becomes involved.

Therefore, our investigator has made UKI aware of these additional points and asked them to issue a new final response to Ms R. If Ms R remains unhappy after UKI has done this and with the outcome they reach, she may be able to bring a new separate complaint to this service.

Ms R's policy says in the event a car is written-off UKI can pay up to the market value. This is defined in the policy as:

"Market Value The cost of replacing your car with another of the same make and model, and of a similar age and condition at the time of the accident or loss."

UKI determined the market value of Ms R's car using valuations obtained through industry trade guides and an average of the two valuations obtained. These were the only industry trade guides that could provide a valuation based on the age of the vehicle. I've seen the valuations and they were based on the correct vehicle and mileage at the time of loss, these resulted in valuations of:

- Glass' £3,980
- CAP £4,525
- Average £4,253

After averaging the two valuations, UKI then deducted 20% as Ms R's car was previously a total loss. This resulted in a settlement amount of £3,402 prior to excess deduction.

As outlined to Ms R by our investigator, this service's typical approach when considering complaints about the fair market value of a vehicle is to take into account what the market leading motor trade guides say the market value is.

The guides are independent of the insurance industry, and from one another. As a service, we find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations. We are confident these guides give a good reflection of the true market value of a vehicle.

I should also point out that this service generally finds these motor trade guides to be more persuasive than sales adverts. This is because advertised prices are often the starting point of a negotiation and what the seller would like to achieve, rather than the final price it sells for after negotiation.

I also note that the adverts provided by Ms R are for similar vehicles, but some are different ages and some with considerably lower mileage, which is likely to have an impact on the overall price.

I also don't think it's unreasonable for UKI to deduct 20% from the market value if the vehicle was previously a total loss. This is to take into account a vehicle being previously written off can put off buyers and therefore can affect the value.

As UKI has followed the approach we take in cases such as this, I think the valuation reached by UKI is fair and reasonable in the circumstances. I've considered the additional information and points Ms R has provided, but this isn't sufficient to persuade me the valuation reached by UKI was unfair or unreasonable. Therefore, I won't be directing them to increase this.

Ms R is also unhappy with the delay in a hire car being provided. UKI accepts there was a delay but explained this was because a seven-seat vehicle was required, and there was limited availability. UKI has paid £100 compensation for the delay, and I think that's reasonable in the circumstances, so I'm not going to direct them to increase this.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 17 August 2023.

Callum Milne
Ombudsman