

The complaint

Mr D complains about how his insurer, UK Insurance Limited trading as Churchill (Churchill), valued his vehicle under his motor insurance policy following its theft.

Any reference to Churchill in this decision includes their agents.

What happened

In February 2023 Mr D's vehicle was stolen during the night. He contacted Churchill to tell them about the theft and lodge a claim. As the vehicle wasn't recovered, Churchill treated the claim as a total loss. Churchill's engineer valued the vehicle at a market value of £2,529.

Churchill said their engineer hadn't been able to contact Mr D to discuss the valuation (though Mr D disputed the engineer had tried to contact him). Churchill then paid the sum directly into Mr D's bank account (the valuation of £2,529 less the policy excess of £350, leaving a net settlement of £2,179).

Mr D was unhappy at not being able to discuss the valuation with the engineer. He also thought the valuation was less than half what he considered to be the value of the vehicle, given its condition, extras fitted and other features and work he'd done. He was also unhappy at the time taken by Churchill to respond to emails. So, he complained to Churchill.

Churchill partly upheld the complaint. On the valuation of his vehicle, Churchill referred to it being based on the make, model and individual specification, cross referenced to recognised industry valuation guides. For Mr D's vehicle, this gave [retail] valuations of: £2,350; £1,725; and £2,708 respectively from three guides. Churchill discounted the lowest valuation as an outlier, so averaged the two higher valuations to get to their settlement figure of £2,529 (then deducted the policy excess of £350). Churchill also said the guides reflected nationwide research and likely sales figures, updated to reflect trends in the market. So, the figures were more reliable than any advertised price (for similar vehicles). As Mr D disagreed with the valuation, a second engineer reviewed the claim, concluding a higher valuation wasn't justified. Churchill also referred to the policy definition of market valuation, being the cost of replacing a vehicle with another of the same make and model, of similar age and condition at the time of the loss. So, Churchill confirmed they wouldn't change the settlement figure they'd made.

But Churchill did uphold the aspect of the complaint about delays in responding to emails sent by Mr D, for which they apologised and issued £100 compensation.

Mr D then complained to this service. He disputed the valuation of his vehicle by Churchill, being much lower than what he considered to be its value. He was also unhappy at having found it difficult to contact Churchill and challenge the settlement they'd paid. He wanted Churchill to reassess the claim as he considered the value of his vehicle to be much higher than the settlement figure.

Our investigator didn't uphold the complaint, concluding Churchill didn't need to take any further action. The investigator obtained separate valuations for Mr D's vehicle, which

indicated Churchill's valuation fell within the range obtained by the investigator. As such, Churchill had followed a similar approach to that used by this service in motor valuation cases. The investigator also considered the compensation offered by Churchill for issues in their communication with (and responses to) Mr D was reasonable.

Mr D disagreed with the investigator's view and requested an ombudsman review the complaint. He said his vehicle was in pristine condition and had provided evidence of similar vehicles being advertised for sale at more than double Churchill's valuation. He also referred to extras fitted to the vehicle, including an upgraded stereo (£600); CD autochanger (£120); electrical equipment (£229) and tools in the vehicle at the time of the theft (£300) which he thought should be covered (separately) under the policy. He also referred to a media report about Churchill undervaluing vehicles in recent years.

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.

My role here is to decide whether Churchill has acted fairly towards Mr D.

The main issue in Mr D's complaint is Churchill's valuation of his vehicle as a total loss, which they used to determine the settlement figure for the claim. Mr D says the valuation is too low and doesn't reflect the condition of his vehicle, the extras fitted and other work he carried out on the vehicle. He thinks the valuation used by Churchill is half what he thinks is the value of his vehicle. Churchill say they've based the settlement of recognised industry valuation guides for the make, model and specification of the vehicle.

A second issue is how Churchill communicated with Mr D during the claim process, in particular, difficulty Mr D says he had contacting Churchill. Churchill acknowledge there were delays in responding to Mr D and awarded £100 in compensation.

On the issue of the valuation of Mr D's vehicle, I've considered the information and evidence available. Churchill say their market valuation (which is what the policy provides for when a vehicle is treated as a total loss, including where a vehicle is stolen but not recovered) is fair and reasonable, citing industry valuation guide figures to support their valuation of £2,529 (before deduction of the policy excess) based on figures of £2,708 and £2,350 from two guides (they discounted a third figure of £1,725 as an outlier). Mr D has provided evidence and information about the condition of his vehicle, the work carried out on it and the extras fitted to the vehicle (such as an upgraded stereo system). He's also provided evidence of similar vehicles advertised for sale at higher figures, as well as third party supporting statements about the vehicle's valuation.

I've looked the valuation figures from the recognised industry guides available to this service (those used by Churchill) and the figures are the same (or very similar) Discounting the one significantly different (lower) from the other three, the average of the two is £2,529. The values are also based 'retail' figures (not the – much lower – trade values). Using recognised industry valuation guides is also the approach used by this service, as it reflects market data as a whole, which we consider to be more persuasive. I recognise the information provided by Mr D about vehicles he's seen advertised for sale, but I don't think they are more persuasive than data from recognised industry guides.

So, I've concluded the approach used by Churchill is reasonable and in line with what we'd expect. As well as reflecting 'retail' values, the guides also include specific mileage data of the vehicle (which indicates it being below average mileage for its age).

While I've reached this conclusion, I've also considered the specific points made by Mr D about the extras on his vehicle (such as the upgraded stereo and CD autochanger). However, these wouldn't necessarily affect the market valuation of the vehicle, so I can't fairly say the values provided by Mr D should be added to the industry guide valuations. And I don't think they would be considered as separate items of claim under the policy.

Similarly, some of the work Mr D says he's carried out on the vehicle wouldn't enhance the vehicle's market valuation. Mr D also mentions tools in the vehicle when it was stolen (which he says were worth £300). I've not seen any indications these were considered as part of the claim, nor in the final response from Churchill. That being the case I haven't considered this aspect in this decision.

In his response to our investigator's view, Mr D also referred to a report in the media about Churchill's valuation practices in recent years. Mr D didn't provide a reference for the report, but my role here is to consider the information and evidence relevant to the specific circumstances of this case and Mr D's complaint. As I've set out above, I think Churchill's approach is reasonable in the circumstances of the case.

On the issue of communication between Churchill and Mr D, and their response to emails, Churchill have acknowledged delays in responding. Looking at the exchanges between Mr D and Churchill, I agree Churchill's responses weren't as timely as they could have been (and as Mr D could have expected). Looking at the exchanges as a whole, I think Churchill's award of £100 compensation is fair and reasonable.

Taking all these points together, I've concluded Churchill have acted fairly and reasonably, so I won't be asking them to take any further action.

My final decision

For the reasons set out above, my final decision is that I don't uphold Mr D's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 September 2023.

Paul King
Ombudsman