

The complaint

Mr S complains about the settlement offered by West Bay Insurance Plc (West Bay) following a claim under his car insurance policy.

Where I've referred to West Bay, this also includes any actions or communication by agents acting on their behalf.

What happened

In August 2023 Mr S was involved in an accident and his car was damaged, so he made a claim to West Bay, the underwriter of his car insurance policy.

Mr S' car was declared a total loss due to the damage sustained in the accident. West Bay offered Mr S £1,800 as a total loss settlement.

However, Mr S was unhappy with the settlement offered, as he thinks the settlement should be in the range of £7,000-£10,000. West Bay didn't agree to increase the settlement, so Mr S approached this service.

One of our investigators looked into things but he didn't uphold the complaint. He said that due to the age of Mr S' vehicle it didn't appear in any of the industry trade guides, therefore he needed to rely on the remaining information available in considering a fair market value. He didn't think the adverts Mr S provided for similar vehicles were comparable and he thought West Bay had offered a reasonable settlement based on the information they had relied on. So, he didn't recommend West Bay do anything further.

Mr S 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, and whilst I appreciate it will come as disappointment to Mr S, I've reached the same outcome as our investigator.

Mr S' policy says that in the event of a claim, the most West Bay will pay is up to the market value of the vehicle. This is defined as:

“Market Value

The cost of replacing the insured vehicle at the time of loss or damage compared with one of the same make, model, specification and condition. If the insured vehicle was first registered as new in a country other than those contained within the geographical limits any assessment of market value will take into account that the car has been individually imported into a country contained within the geographical limits but will not include any delivery costs incurred at the time of importation. The market value will be assessed by an automotive engineer in conjunction with the published trade guides at the time of loss.”

West Bay determined the market value of Mr S' vehicle by using adverts of similar cars for sale. And they reached a valuation of £1,800. This was after a deduction of £400 for pre-accident damage to the vehicle.

Mr S doesn't think this is a fair settlement. He says that based on adverts of similar cars that he's found, the settlement should be in the range of £7,000-£10,000.

Valuing a vehicle isn't an exact science. Often in disputes about vehicle valuations, as a starting point, we'd take into account what the different industry trade guides say the market valuation of a vehicle is. We'd also take into account any other information available.

However, due to the age and type of Mr S' vehicle, it isn't in any of the industry trade guides. This means that when deciding what a fair valuation is, I need to take into account the remaining information available.

When determining a valuation, West Bay considered similar vehicles to Mr S' for sale. There were only a limited number of vehicles available, but I think the offer made by West Bay is in line with the adverts they obtained. West Bay also deducted £400 from the settlement amount to take into account pre-accident damage. This was bodywork corrosion, bumper damage and marks on the wheels. West Bay's engineers have estimated it would have cost around £1,500 to repair the corrosion alone, but they've only deducted a total of £400 from the settlement for the pre-accident damage, so I don't think the deduction is unfair.

However, Mr S has also provided what he has said are adverts for similar vehicles to his for sale. These range from £8,000 to £10,000. Mr S argues these are a more reasonable comparison to his vehicle.

Having considered all the information available, I think West Bay's settlement offer is a fair reflection of the market value of Mr S' vehicle. I'll explain why.

The adverts West Bay obtained were for vehicles of the same model as Mr S' vehicle. Mr S' vehicle, at the time of the accident, had a mileage of more than 150k. West Bay's adverts are for vehicles with a similar high mileage ranging from 90k to 137k.

By contrast, the adverts Mr S has provided are for newer vehicles, with significantly less mileage. This ranges from 59k to 75k, which is some considerable difference to the mileage of Mr S' car. In addition, the adverts Mr S has presented are also for vehicles with minimal previous owners. Whereas Mr S' vehicle had many owners before him.

Furthermore, the adverts Mr S has presented are for vehicles which appear in immaculate condition, including being sold by car dealers. Whereas Mr S' vehicle, according to the most recent MOT details, had a number of issues pre-accident, including issues with the suspension, track rod-end, oil leaks, perishing tyres, worn brakes and bodywork corrosion. So, I don't think the adverts Mr S has provided are comparable.

Mr S also argues that his vehicle was a rare manual version, whereas the adverts West Bay obtained were for automatics. Whilst I recognise the transmission is different, nothing has been provided which persuades me the value of the vehicle with a manual transmission would be four to five times the amount of an automatic. And as I say, whilst the adverts Mr S obtained were for four or five times the value, I don't think they are a reasonable comparison of his car for the reasons explained. Instead, I find that West Bay's are a more reasonable comparison.

Furthermore, I also note that when taking out the policy Mr S declared his vehicle value was £750. And when our investigator asked about the price he paid, Mr S said it was £800 but he knew it was worth more. But I haven't seen anything which persuades me the vehicle was worth more than ten times what Mr S paid for it around six months before.

Like I say, valuing a vehicle isn't an exact science, and here there are limited vehicles of this make and model available. But having considered all the information provided, I'm satisfied West Bay's settlement offer is fair and reasonable in all the circumstances and nothing has been provided which persuades me otherwise, so I'm not going to direct them to increase the settlement.

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 Mr S to accept or reject my decision before 15 February 2024.

Callum Milne
Ombudsman