

The complaint

Ms B complains about the value UK Insurance Limited trading as Churchill Car Insurance (“UKI”) gave her for her van following a claim under her motor insurance policy.

What happened

Ms B had a motor insurance policy with UKI covering her van.

Her van was damaged and she claimed from UKI.

UKI assessed the van as being beyond economic repair. It said it would declare the van a write-off and assessed its market value as £8,650 plus VAT.

Ms B didn’t agree with this valuation, and she complained. UKI increased its valuation to £10,00 plus VAT, so £12,000 in total.

Ms B remained unhappy. She says she couldn’t buy a replacement van for that amount and wants a higher valuation.

UKI said it’d used trade guides to arrive at a value for the van and had offered Ms B an amount higher than the top values from the trade guides. It had used two guides which gave net values of:

Company A: £7,122

Company B: £9,173

Ms B remained unhappy with UKI’s valuation and brought her complaint to this service.

Our investigator looked into Ms B’s complaint and didn’t uphold it. She looked at the trade guides and said the amount offered by UKI was in line with the approach taken by this service.

Ms B didn’t agree with the view. She says she isn’t able to buy a replacement van for UKI’s valuation.

She asked for her complaint to be reviewed by an ombudsman, so it has been passed to me for a final decision.

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.

In her evidence I can see Ms B has also complained about delays in UKI’s service. I can’t see that she’s taken that complaint to UKI, or received its final response, so I’m unable to consider it here.

Having read the file of evidence, I'm not going to uphold this complaint and I'll explain why.

I've said above about how UKI arrived at the valuation of Ms B's van.

Its approach fits with this service's approach to valuations. We don't provide valuations for vehicles, but look to whether the insurer's offer is reasonable.

I've done research into Ms B's van and I've found these net values (so, before the addition of VAT), provided by two different trade guides, for the month her van was damaged, which are based on a vehicle with the same specification and mileage:

Company A: £7,122

Company B: £8,230

I've looked at UKI's valuation of her van and I can see it has offered in excess of the highest valuation of the four listed above.

In its evidence it says there is a limited amount of evidence for these vans in the market, which is why it offered this higher amount.

I think its offer, and the approach it has taken, is fair and reasonable.

Ms B has also mentioned that the van was subject to a subsidy when it was purchased. Ms B has clearly benefitted from this subsidy which lowered the price of the van she bought, and now the van has been written off she seems to be indicating that this subsidy needs to be taken into account.

But incentives like these are generally part of an effort to drive vehicle sales, so they aren't part of the consideration for a used vehicle's market value which may be derived from various sales figures from dealers and private sales.

It wouldn't be fair for me to ask UKI to pay an extra amount towards a replacement vehicle when I already think its offer is fair, and when Ms B has already had the benefit of the subsidy in the past.

UKI's offer is higher than the valuations from the trade guides so it follows that I think UKI's offer is fair and reasonable, and I'm not going to ask it to pay more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 23 August 2023.

Richard Sowden
Ombudsman