

The complaint

Mr R complains that Liverpool Victoria Insurance Company Limited (“LV”) mishandled a claim on his motor insurance policy.

What happened

The subject matter of the claim and the complaint is a car, first registered in January 2009 with a “58” registration plate.

Mr S acquired the car in 2015.

For the year from late May 2021, Mr R had a comprehensive LV policy for the car. He renewed the policy from late May 2022. Any claim was subject to an excess of £350.00.

Unfortunately, in mid-August 2022, the car was damaged in an accident. LV said the car was a total loss and its pre-accident value had been £4,350.00. Mr R complained to LV that it was under-valuing the car.

By a final response, LV referred to the following trade guide valuations:

Glass's	£3,380.00
CAP	£4,153.00
Parkers	£4,220.00

LV said that it had sent £4,350.00 less the £350.00 excess, that is £4,000.00. But LV apologised for not having sent its cheque when it said it would. So it said it had sent a cheque for £100.00 as an apology. Mr R asked us to investigate.

Our investigator didn't recommend that the complaint should be upheld. He didn't think that LV had acted unreasonably. He thought that £100.00 was reasonable in the circumstances for the upset caused by its delay in the claim settlement.

Mr R disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- We should accept his expert's report valuing the car at £5,763.00.
- The FCA has warned insurance companies not to undervalue cars.
- The FCA has ordered another insurance company to review claims and identify any policyholders who received unfair settlements.
- The trade guide figures need proper and expert adjustments for the specific details of each vehicle to get to a realistic, fair and reasonable result.
- The guides give part-exchange values.

- All the dealers he approached at the time confirmed that £4,350.00 was not realistic.
- A comparable vehicle was on sale at £5,695.00, and sold at around that price.
- He is about £1,500.00 out of pocket.

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.

LV's policy terms included the following definition of market value:

"the cost of replacing your car with the same make, model and specification. Age, mileage and condition will be taken into account. We'll ask an engineer for advice, use motor trade guides and other sources to determine the market value. We'll consider the amount you could have reasonably got for your car if you sold it immediately before the accident, loss or theft and not the price you paid for it"

We expect an insurer to assess the market value of a car by reference to the retail figures in certain trade guides. We find these figures persuasive because they are based on extensive research of likely selling prices. The trade guide figures take into account the known features of each vehicle such as its specification. The guides make adjustments for recorded mileage and condition.

We will look at all relevant evidence. That includes any vehicle assessor's expert report, which can be particularly useful for a car that isn't a standard model.

Compared to the trade guides, we usually find advertisements less persuasive. That is because an advertisement usually contains the seller's asking price that may be subject to negotiation downwards.

Typically, each of the trade guides provides a different figure so that they form a range. Where one of the figures is significantly out of line with the others, we may disregard it as an outlier. Subject to that, we often say that any figure within the range is a reasonable figure.

I've noted the make, model, age, specification, mileage and condition of Mr R's car. For a car like that in August 2022, I've seen retail figures in the trade guides we use as follows:

Glass's	£3,380.00
CAP	£4,153.00
Percayso	£4,562.00
Auto Trader	£4,562.00

I regard the Glass's figure as out of line with the others. So I will disregard it.

Mr R has highlighted a single advertisement with an asking price of £5,695.00. However, a single advertisement or transaction isn't enough to persuade me that the trade guide figures are unfair.

Mr R and his expert haven't provided enough evidence of any features of his car that the trade guides haven't taken into account.

Mr R hasn't provided enough direct evidence from dealers he spoke to in 2022 or enough detail of discussions to persuade me that the trade guide figures are unfair.

The crux of Mr R's expert's report is as follows:

"2.7 One of the examples listed for £6,295 is a 59 plate rather than a 58 plate (both vehicles being registered in 2009), however this slight benefit is easily negated due to the vehicle having had six previous owners rather than yours, which only had two. Another vehicle is listed at £5,995, but has covered less mileage than yours, so in my professional opinion would be worth slightly more. The last vehicle is listed at £4,999 and again is a 59 rather than a 58. However, again the number of owners negates the latter. The mean value of these vehicles is £5,763; thus, this is what I believe your vehicle to be worth."

So the expert's valuation of £5,763.00 is based on three advertisements, each containing an asking price. From what I've seen, the advertisements date from July 2023.

So – in looking at LV's valuation in August 2022 - I find it fair and reasonable to place more weight on the retail figures in the CAP, Percayso and Auto Trader guides. LV's figure of £4,350.00 was within the range of those figures. So I don't conclude that it was an unreasonable or unfair market value. I don't find it fair and reasonable to direct LV to increase its valuation or to pay any more to Mr R.

From LV's file, I've seen that it said it should've paid the £4,000.00 on 13 August 2022 (the date of the accident) but it didn't make payment until later in August 2022. I don't condone that, and I don't doubt that Mr R was disappointed and anxious to get the money. So I consider that LV was right to pay compensation.

However, LV paid a fair figure reasonably promptly. So I don't find it fair and reasonable to direct LV to pay interest and I'm satisfied that £100.00 was fair and reasonable compensation for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Liverpool Victoria Insurance Company Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 September 2023.

Christopher Gilbert
Ombudsman