

## **The complaint**

Miss A complains West Bay Insurance Plc (West Bay) unfairly settled her claim on her motor insurance policy after her car was declared a total loss.

West Bay are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As West Bay have accepted it is accountable for the actions of the intermediary in my decision, any reference to West Bay includes the actions of the intermediary.

## **What happened**

Miss A made a claim on her motor insurance policy after her car was damaged in an incident. West Bay's engineers inspected the car, and it was deemed beyond economical repair and therefore was classed as a total loss.

West Bay made Miss A a settlement offer of £3,471 less the policy excess.

Miss A was not happy with the settlement amount. She felt the car was worth a lot more. She said she had recently spent a lot of money on maintenance to the car to increase the life and value of it. She said this and the service history was enough to warrant an increase in the settlement offer.

As Miss A was not happy with West Bay, she brought the complaint to our service.

Our investigator did not uphold the complaint. They looked into the case and said West Bays had provided a fair valuation of the car and it was within industry guidelines, so they couldn't reasonably ask it to increase its settlement offer. They also said West Bay paid her £75 for a lack of communication which she had not expressed dissatisfaction about.

As Miss A is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

## **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 this case I have considered whether West Bay acted fairly and reasonably in reaching its decision as to the level of settlement offered to Miss A following the write-off of her car.

My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Miss A's motor insurance policy with West Bay. On page 18 of the welcome pack are definitions of terms used within the policy. It says;

*“Market Value – The cost of replacing the car with another of the same make, specification, model, age, mileage and condition as the car immediately before the loss or damage happened.”*

On page 21 it says;

*“The insurer will not pay more than the market value of the car at the time of the loss unless the new car benefit applies.”*

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I looked at the information West Bay used when calculating the market value for Miss A's car. I saw it obtained valuations from three of the main trade guides. In this case West Bay offered £3,286 which is the average of these three guides plus £185 for additional extras that were on the car. The total final offer was £3,471.

I looked at the valuations our investigator obtained. They used four of the main trade guides, of which two were the same as used by West Bay. The average of these four valuations was £3,108 which is in line with the offer of £3,471 made by West Bay.

As per the terms of Miss A's policy West Bay only have to offer the market value for the car that has been deemed a total loss.

Miss A thought she would have got more than the settlement amount offered if she were to have sold the car. She provided evidence of mechanical maintenance work being undertaken prior to the incident. And pictures of similar cars that were advertised for sale for more than the settlement offered.

It is clear that Miss A took good care of her car whilst it was in her ownership, however the type of work she mentions is maintenance and is required to keep her car roadworthy and in a fair condition.

Prices of used cars can change on a regular basis. This could be an increase or decrease. This is the reason why we take the approach that if West Bay can demonstrate, as it has done here, that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

I know this will come as a disappointment to Miss A, but for the reasons given I'm not persuaded that West Bay have acted unfairly or unreasonably in settling her claim at £3,471.

I agree the settlement amount paid for Miss A's car is fair and in line with the main trade valuation guides. And I can't fairly ask West Bay to increase its valuation offer.

Therefore, I do not uphold Miss A's complaint and do not require West Bay to do anything further in this case.

### **My final decision**

For the reasons I have given I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 9 November 2023.

Sally-Ann Harding  
**Ombudsman**