

## **The complaint**

Ms B complains Sabre Insurance Company Limited (Sabre) unfairly settled her claim on her motor insurance policy after her car was damaged in a fire and deemed a total loss.

There are several parties and representatives of Sabre involved throughout the complaint but for the purposes of this complaint I'm only going to refer to Sabre.

## **What happened**

Ms B was involved in an incident whilst in her car in December 2022. She made a claim on her motor insurance policy. There was a delay in collection of the car by Sabre's approved repairer and her car was not recovered from the roadside until January 2023.

The car was taken into secure storage that was approved by Sabre. As Sabre were unable to find one of its approved repairers that was available to take on the repairs, it agreed Ms B could have the repairs undertaken by a garage of her choice.

Before Ms B's car could be delivered to the garage she had elected to conduct the repairs, a fire occurred at the storage location and her car was damaged. When inspected it was found to be beyond economical repair and therefore considered a total loss.

Sabre made a total loss settlement for the car. It offered £21,500 less the policy excess and said this was the pre-accident value.

Ms B said this did not cover the outstanding finance on the car. She said as she was not responsible in any way for the car being classed as a total loss due to the fire that Sabre should cover the cost of the outstanding finance on the car.

Sabre said whilst the settlement figure for the finance agreement was larger than the valuation, the outstanding debt is not representative of the vehicle's valuation.

As Ms B was not happy with Sabre she brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and felt Sabre's use of the policy terms and conditions regarding settlement of a total loss are unreasonable in these circumstances. They recommended Sabre increase the settlement payment to £27,712.56, which was the outstanding finance balance, minus the policy excess and award £500 compensation for the ongoing inconvenience of being without a car for approximately nine months, costs of alternative transport and distress caused.

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

## ***What I provisionally said***

*When Ms B made her claim it was for accidental damage caused by a third-party. Sabre confirmed the damage to the car had not been inspected prior to the fire but was understood*

*the car was repairable. The damage reported was slight damage to front nearside and passenger front side and a flat tyre. It also said the car starts but doesn't move.*

*I saw on 7 February 2023 after the car the car was taken into storage there was a fire in which Ms B's car was damaged and then after inspection it was deemed beyond economic repair and it made a market value offer in settlement. I saw on 9 February 2023 Sabre authorised a hire car for Ms B for two weeks.*

*I looked at the details within Ms B's motor insurance policy with Sabre. On page 15 of the terms and conditions of the policy it says;*

*"Market Value*

*The cost of replacing your Car in the United Kingdom at the time the loss or damage occurred with one of the same make, model, age and condition. This may not necessarily be the value you declared when the insurance was taken out. Your Insurer may use publications such as Glass's Guide to assess the Market Value and will make any necessary allowances for the mileage and condition of your Car and the circumstances in which you bought it."*

*Sabre's settlement offer of £21,500 as market value for the car was rejected by Ms B. She said the amount offered did not cover the outstanding finance on the car and as she was not responsible for the damage Sabre should settle all the outstanding finance. Sabre did not increase its offer as it said it was not responsible for her finance agreement. The market value settlement was paid to the finance company on 3 May 2023.*

*Although I do understand Ms B wasn't responsible for the fire damage to her car, the fire was an unfortunate event that could have happened at any point.*

*I know this will come as a disappointment to Ms B, but I cannot hold Sabre responsible for any finance agreement attached to Ms B's car as this was an agreement made by herself and a third-party. Finance agreements apply interest which in this case meant the outstanding amount on the finance agreement was greater than the market value offered by Sabre for the loss of her car. I cannot fairly ask Sabre to settle the outstanding finance.*

*In this case I think the fair approach is for Sabre to pay the market value of the car and as the fire that caused Ms B's car to be damaged beyond economical repair happened whilst it was with Sabre's approved storage provider, I do not think it was fair for the policy excess for the total loss of her car to be charged. I think Sabre should waive the excess on the policy.*

*As per the terms and conditions of the policy Sabre must offer Ms B a fair market value for the car. So I considered if the £21,500 offered for the full market value of the car was fair.*

*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 Sabre used when calculating the market value for Mr B's car. I saw it obtained valuations from two of the main trade guides using the date immediately prior to Mr B's claim. In this case the two valuations were £21,250 and £22,419. Sabre paid £21,500 less the policy excess.*

*I looked at valuations from four guides that were obtained by our investigator, using the date Ms B's car was damaged. These include valuations from the two same guides as used by Sabre and valuations from two different trade guides that gave higher valuations. The highest valuation was £23,694 and the others were slightly lower.*

*We take the approach that if Sabre can demonstrate that it used a fair process to value the car then we wouldn't interfere with the offer it has made. In this case as Sabre only obtained two valuations and it then paid a lower settlement than the highest valuation obtained by both itself and our service, I do not think it offered a fair settlement figure.*

*As the four trade guide valuations obtained for Ms B's car by our service are similar, we would expect the insurer to pay the highest of the valuations. In this case this is £23,694.*

*As Ms B made a claim on her policy for the initial damage to her car, she is liable for any outstanding motor insurance premiums for the term of the policy.*

*Ms B has been caused long-term disruption and inconvenience due to the incident with her car being in the fire and the ongoing fair settlement for the loss of her car. So I think Sabre should award compensation of £500 to recognise this.*

*Therefore, I intend to uphold Ms B's complaint and require Sabre to pay her a total settlement amount of £23,694. It should not deduct any excess from this amount. Sabre has already made payment of £20,500, I intend for it to pay the difference of £3,194. I also intend for Sabre to pay Ms B £500 compensation for the distress and inconvenience caused.*

## **Responses to my provisional decision**

Ms B responded and said

- She would like to add a separate point that Sabre had held her responsible for the accident and had put it on her credit file.

Sabre responded and said

- £500 compensation had already been paid.
- It had contacted the finance company to clarify whether there remains an outstanding debt on the agreement so it can ensure the payment is raised to either the finance company or Ms B directly.
- 

## **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 response to Ms B's comments**

I have not seen any evidence that says Sabre has held Ms B responsible for the accident. Ms B is liable for any outstanding motor insurance payments in line with terms and conditions of her policy and credit agreement. Her policy was cancelled by Sabre due to non-payment of premiums and it is able to pursue Ms B for any outstanding amount due if not paid.

Based on the evidence I've reviewed; I maintain my provisional decision and I uphold Ms B's complaint.

## **My final decision**

For the reasons I have given uphold this complaint.

I require Sabre Insurance Company Limited to pay Ms B a further £3,194 as settlement for the total loss of her car. It should also pay 8% simple interest on this amount from the date the original settlement figure was paid until the date paid. This amount should be paid to the finance company if there is still an outstanding debt. In addition it should pay £500 compensation for the disruption, stress and inconvenience caused to Ms B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 12 January 2024.

Sally-Ann Harding  
**Ombudsman**