

The complaint

Mr D complains Acromas Insurance Company Limited (Acromas) unfairly declared his car a total loss and that the settlement value was not fair after he made a claim on his motor insurance policy. He is also unhappy about delays during the claim process.

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

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

What happened

On 5 November 2022 Mr D had a collision whilst in his car. His car slid and he hit a tree. No other vehicles were involved or damaged.

He made a claim on his motor insurance policy that he held with Acromas, and the car was classed as a total loss. Acromas valued his car at £9,750.

After Mr D made a complaint Acromas maintained its decision that the car was a total loss and on the total loss settlement amount. It apologised for the lack of updates given by its claims department during the first few weeks of his claim. It paid him £100 for the inconvenience caused.

As Mr D was not happy with Acromas, he brought the complaint to our service.

Our investigator did not uphold the complaint. They looked into the case and said based on what they had seen, Acromas acted fairly in relation to the settlement of the claim. They agreed Acromas could've updated Mr D more proactively, but it said the compensation already paid by Acromas was a fair amount for this issue.

As Mr D 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.

I looked at the terms and conditions of Mr D's policy. On page eight it says;
"We have the right to choose which action to take in the case of any claim and we will do one of the following:

- Repair the damage; Replace what is lost or damage beyond economical repair; or pay you cash for the amount of the loss or damage.

These are common terms in motor insurance policies. It allows the insurer to decide how to settle a claim even if the policy holder disagrees with the decision.

Page eight continues and says;

"The most we will pay is market value of your vehicle, accessories and spare parts at the time of the loss or damage."

I saw that based on the information Mr D provided when he first made his claim on his motor insurance policy, Acromas made the decision to class the car as a total loss. As Mr D disagreed with this decision, Acromas obtained an independent engineers report and valuation.

I looked at the engineer's report. This confirms the car suffered heavy collision impact to the front and the engineer recommended it should be dealt with as a total loss with a category B listing. I saw the report stated that the vehicle *"is damaged beyond any form of economical repair"*.

Acromas decided to write off the car as a total loss based on the extent of the damage and the professional opinion of the independent engineer. I think the decision was made fairly based on the information I have seen.

As per the terms of Mr D's policy Acromas only have to offer him market value for the car that has been deemed a total loss. Market value is defined in the policy terms and conditions on page seven as;

"The cost of replacing your vehicle with a vehicle of the same make, model, specification, age, mileage, and condition as your vehicle was immediately before the loss or damage you are claiming for.

Where we are unable to estimate the market value of your vehicle we will use the nearest market equivalent for comparison."

I considered whether Acromas acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr D. My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is 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 usually 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.

I looked at the trade guides our investigator obtained and they ranged from £3,325 to £5,170.

I looked at the information Acromas used when calculating the market value for Mr D's car. I saw it said that due to the age and rarity of his car it was unable to research using the trade guides as they were not necessarily an accurate reflection in this case. It considered its valuation based on the limited availability of this car and provided the valuation of £9,750. The market research was provided to support this amount.

Mr D provided a number of adverts that showed examples of similar cars for sale at a higher price at the time the claim was in the process of being settled. These included examples of cars of the same brand but different ages and conditions and most were European valuations. I would expect the valuations to be based on examples of similar cars for sale in the UK. as the value could be totally different in another country.

I know this will come as a disappointment to Mr D, but for the reasons given I'm not

persuaded that Acromas have acted unfairly or unreasonably in settling his claim at £9,750. It increased the valuation for the car significantly from the trade guides and took online examples into account. Therefore I agree the amount paid for Mr D's car is fair, and its age and rarity was considered. And I can't fairly ask Acromas to increase its valuation offer.

I saw Acromas accepted that during the first few weeks of Mr D's claim its claims department didn't make attempts to contact him and advise him of the claims process. It said this should not have been the case and Mr D should not have had to make the calls for updates. It apologised and paid him £100 compensation for the lack of updates.

I think this is a fair amount in the circumstances of this case and is in line with our guidelines.

Therefore, I do not uphold Mr D's complaint and do not require Acromas to do anything further in this case.

My final decision

For the reasons I have given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 October 2023.

Sally-Ann Harding
Ombudsman