

## **The complaint**

Mr M complains that the offer Skyfire Insurance Company Limited ('Skyfire') made to settle his motor insurance claim is too low.

## **What happened**

In May 2023, Mr M's vehicle was damaged while it was parked and so he made a claim on his motor insurance policy. Skyfire decided it was not economical to repair the vehicle. It offered to settle the claim by paying the market value of the vehicle (less excess) to Mr M.

To determine the market value of the car, Skyfire consulted two valuation guides. It found the following valuations: Guide 1 - £6,237; and Guide 2 - £6,540. Skyfire ultimately offered to pay £6,540 (the higher of the two guides) to settle the claim.

Mr M did not accept that valuation and he complained to this service. He told us that he'd bought a new car very similar to the car that was damaged for £8,000. He said the value of second-hand cars had increased dramatically in value. He didn't think the valuation guides reflected this increase in price. Mr M also thought that Skyfire should refund an additional amount he'd paid for the premium for his new car. He said he'd also incurred taxi costs and he thought Skyfire should reimburse those costs.

Our investigator looked at all of this, but she didn't think the complaint should be upheld. Mr M did not agree with that view and so the matter has been passed to me for an ombudsman's 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.

I know Mr M will be disappointed with my decision, but I'm afraid I haven't upheld his complaint. I'll explain why.

The terms and conditions that apply to Mr M's policy say that if his vehicle is damaged and it is not economical to repair it, Skyfire will settle the claim based on the market value of the car. 'Market value' is defined in the terms and conditions as the cost of replacing Mr M's car with one of a similar, make, model, age, mileage and condition based on market prices at the time of the accident or loss.

Assessing the value of a car isn't an exact science. Like most insurers, this service often finds valuation guides persuasive. That's because the valuations are based on nationwide research. I appreciate Mr M does not agree and he told us the guides did not reflect the current market for used cars. However, as a service, we generally consider the valuation guides to be helpful in showing likely selling prices at the month of loss. But we take account of all the evidence (including adverts) when we're considering whether a fair valuation has been offered.

In deciding the market value of Mr M's car, Skyfire consulted three valuation guides, but it was only able to obtain figures from Guides 1 and 2. I can see that when Skyfire obtained those valuations, it used the correct specifications and date of loss. Our investigator attempted to get a fourth valuation but was unable to get a result.

However, our investigator did obtain a number of adverts for vehicles similar to Mr M's. I appreciate the vehicles shown in those adverts were not exactly the same as Mr M's. But the policy terms say that Skyfire will base its market value on cars that are similar to the vehicle that was damaged. From the adverts obtained by our investigator, the two vehicles of the same make and model with similar mileage to Mr M's range from £6,500 to £8,000. However, I note that both are a year younger than Mr M's.

Mr M also provided a number of adverts. I appreciate there were several reasons as to why he did not think many of the cars in those adverts were 'like for like' with the vehicle that was damaged. But I think the valuation Skyfire offered was within the range of prices for cars similar to Mr M's as shown in the adverts he sent to us.

I know that Mr M told us he'd bought a new car for £8,000. He helpfully provided us with a copy of the advert from that sale. I appreciate this purchase was for more than the settlement Skyfire offered, but the new vehicle does appear to be younger and have fewer miles on the clock compared to the vehicle that was damaged. I can't say that the cost of the new vehicle means Skyfire's valuation is unfair.

Mr M told us that the value of second-hand cars had dramatically increased in value and that he didn't think this was reflected in the valuation guides. But in considering whether Skyfire's valuation was fair, I've also looked at adverts provided by Mr M and our investigator. I think any general increase in price would be reflected in those adverts for second-hand cars, which I've taken into account.

I know Mr M said he thought Skyfire should reimburse him for taxi fares and an additional amount he had to pay in connection with his new policy. I've thought about this carefully, but I can't say those additional costs arose because of a mistake made by Skyfire. It follows then that it wouldn't be fair for me to tell Skyfire to cover those costs.

With all of this in mind, I am satisfied that Skyfire's valuation of Mr M's car at £6,540 is fair and so I don't need to tell it to take any further action in this case.

### **My final decision**

I don't uphold this complaint about Skyfire Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 December 2023.

Nicola Bowes  
**Ombudsman**