

## **The complaint**

Mr F has complained about the market value U K Insurance Limited trading as Churchill (UKI) paid for his stolen car when he made a claim under his car insurance policy. Mr F says UKI caused delays and didn't provide a replacement car.

## **What happened**

In December 2022 Mr F's car was stolen and he made a claim to his insurer, UKI.

Mr F complained that the market value UKI paid of £6,770 was too low. He said he had to chase for an update on his claim. He received a total loss settlement seven weeks after he made his claim. He said UKI told him it would take between five and ten days.

Mr F said it was costing him £150 a week in travel expenses for business purposes due to being without his car. He wanted UKI to reimburse him for his travel costs.

In January 2023 UKI upheld Mr F's complaint in part. For the delay it caused, UKI paid Mr F £300 compensation.

It explained that under Mr F's policy, he wasn't entitled to a replacement car as this was only available for the duration of repairs.

UKI had relied on the main motor trade guides to reach its valuation for Mr F's car. It had disregarded one of the guides as it was out of kilter with the others. UKI said its valuation was fair.

Mr F asked us to look at his complaint. Our Investigator checked the motor trade guides in line with our approach. The average of the valuations he obtained were higher than UKI's settlement. So the Investigator recommended UKI increase the valuation it paid Mr F to £7,386.25.

UKI didn't agree. Between the Investigator and UKI, it was established that the Investigator used a figure of 65,000 miles when checking the guides. But UKI said it used mileage of 70,000 based on previous MOT records - and Mr F's claim that he used his car for work purposes.

So UKI wanted an ombudsman to decide.

I issued a provisional decision on 27 June 2023 as I didn't intend to uphold the complaint. I thought UKI had acted fairly.

UKI accepted my provisional decision. Mr F didn't reply. So the case has been passed back to me for a final 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.

My final decision is on the same lines as my provisional decision as no new information has been provided.

We don't decide a valuation. But we look at whether an insurer reached its valuation reasonably and in line with the policy.

Mr F's policy with UKI says the most it will pay in the event of a claim is the market value of his car: being the cost of replacing his car with another of the same make and model, and of a similar age and condition at the time of the accident or loss.

We have a long standing approach to valuation complaints. We find the motor trade guides are a reliable way to reach a fair valuation for a car. They provide average valuations based on the market for sales for the month of loss - and can provide valuation guides for the same make, model, age, condition and mileage as Mr F's car.

As Mr F's car was stolen, it isn't known what the actual mileage was at the time of the theft. Mr F told us he believed it was 65,000 miles.

However, according to MOT records, Mr F's car had recorded mileage of 65,687 in January 2022. The date of loss was 4 December 2022, so 11 months later. The previous year's mileage according to MOT records was 60,010. So - based on these records - the average mileage per year was around 5,000.

Mr F told the Investigator he hardly used his car for work. And so the Investigator used a mileage figure of 65,000. But I find Mr F's statement inconsistent with the information Mr F provided when he complained to UKI - and when he brought his complaint to us. Mr F said he had incurred losses due to not having his car to travel for business purposes.

UKI used a mileage figure of 70,000 - based on the fact that the loss date was 11 months after the last recorded mileage of Mr F's car - and consistent with the previous year.

I find UKI's rationale for using mileage of 70,000 when valuing Mr F's car as reasonable.

So I've looked at the guides based on mileage of 70,000 for Mr F's car provided by UKI. They came to £6,550, £6,990 and £7,890. UKI disregarded the final valuation as it was out of kilter with the others. Where we find a valuation is out of step with the others - irrespective of whether it is higher or lower - we consider it fair to disregard it. So I don't think UKI's approach here was unreasonable.

So the average of the remaining valuations (£6,550 and £6,990) came to £6,770. This is the settlement UKI paid. I think it is in line with our approach and within the range of reasonable. So I don't think UKI needs to increase the market value it paid Mr F.

UKI accepts it caused a delay in settling Mr F's claim. For the time this took and the inconvenience caused, it paid Mr F £300 compensation which I think is fair and in line with awards we give for similar circumstances.

As Mr F isn't entitled to a replacement car unless his car is being repaired, I don't think UKI acted unreasonably in not providing him with one. This isn't an unusual term for a standard motor insurance policy.

UKI said it would consider any evidence of travel costs incurred during the claim period which Mr F wants to provide. I think this is fair.

So based on what I've seen, I think UKI dealt with Mr F's complaint in a reasonable way. So I'm not asking it to do any more.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 29 August 2023.

Geraldine Newbold  
**Ombudsman**