

## **The complaint**

Mr T has complained about the valuation Ageas Insurance Limited offered when he made a claim under his car insurance policy.

## **What happened**

In January 2023 Mr T was unfortunately involved in an accident involving another vehicle. He made a claim to his insurer, Ageas.

In February 2023 Ageas said it would settle Mr T's claim as a total loss as his car was a write off. Mr T was unhappy with the valuation settlement Ageas offered and raised a complaint.

In February 2023 Ageas didn't uphold Mr T's complaint. It said the settlement it had reached was fair.

Mr T asked us to look at his complaint. Our Investigator checked the valuation guides in line with our approach and found Ageas' valuation settlement was reasonable.

Mr T didn't agree. In summary he says Ageas refused to engage with him and reply to his questions as to how it reached its valuation. He's unhappy with the mileage figure used by Ageas to decide a valuation for his car and he doesn't agree the optional extras his car had have been taken into account in the valuation.

Mr T says he has been without funds to buy a replacement car since February 2023. He says he is unable to buy a similar replacement car for the valuation amount Ageas offered. So he asked for an ombudsman to decide.

When Ageas sent its final response letter to Mr T about the valuation, Mr T replied to query the mileage used by Ageas, asked for an update on his Personal Injury (PI) claim and asked about the storage of his car. Ageas responded to Mr T on 17 February 2023 and referred him to the final response letter it sent on 7 February 2023. However, this letter only responded to the valuation complaint. So I asked Ageas if it had answered Mr T's additional questions, given it included them in what Mr T could refer to this service. I also asked for evidence of the mileage Ageas used when deciding a valuation by way of an engineer report and/or photos of Mr T's car and odometer. I asked Ageas to provide a copy of the complaint call recording and to confirm it offered - or had paid - Mr T an interim total loss settlement.

Ageas didn't respond.

I issued a provisional decision on 28 November 2023. As Ageas hadn't provided essential information for me to decide if the valuation it had decided was reached fairly, I reviewed the motor trade guides based on the fairest mileage taking into account the last recorded mileage from the MOT - and I included all of the modifications Mr T mentioned that were on his car. Having done so, I thought the average of the valuations came to more than Ageas had offered. So I intended to ask Ageas to pay the difference.

I thought Ageas had acted unreasonably in failing to offer to pay Mr T an interim payment of the total loss settlement. For this, I intended to ask Ageas to pay interest on the total settlement at a rate of 8% simple interest from the date it was in a position to have paid - 7 February 2023 - to the date it pays Mr T. I intended to ask Ageas to pay Mr T £300 for the distress and inconvenience it had caused.

Ageas accepted my provisional decision. Mr T doesn't agree the compensation amount of £300 reflects the distress and inconvenience Ageas has caused him. So as both parties have replied, the case has been passed back to me to decide.

### **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 I said in my provisional decision, I'm very sorry to read of the circumstances of the incident Mr T was involved in and the impact it has had. It's not for me to consider the impact the incident had on Mr T - outside of Ageas' involvement in the handling of the settlement of his claim for his car.

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

Mr T's policy with Ageas says the most it will pay in the event of a claim is the market value of the car. It defines the term 'market value' as:

*"The cost of replacing the car with one of a similar age, type, mileage and condition, immediately before the loss or damage happened."*

Our approach is to look at the main motor trade guides as we generally find they are a reliable way to decide a fair valuation. The guides provide a 'retail transacted' valuation which is the amount a customer would likely pay for a similar car from a retail garage.

The motor guides provide valuations based on research and data for likely selling prices in the period of loss for a car of the same make, model, condition, mileage and age. We look at all of the available guides - and if the settlement an insurer has reached is within the range of those guides, we won't ask it to increase the amount.

Mr T says his car had a number of optional extras - and he questioned the mileage Ageas used when deciding a valuation for his car. Ageas used mileage of 69,239. Mr T says he believed the mileage under his car was around 66,000.

As Ageas hasn't provided evidence that the mileage it used was correct, our Investigator checked the last MOT record for Mr T's car and found that as of 21 November 2022, Mr T's car had a recorded mileage of 65,922.

So in the absence of evidence of the mileage, we have carried out revised valuations based on a mileage of 66,000.

Mr T told us that his car had optional extras which he believes will make a difference to the value of his car. He told us that his car had an additional kit, with upgraded leather seats, upgraded alloys and an upgraded sound system. He also said that his car had a full service history and was in excellent condition. He has provided photos of his car which were taken before the accident.

So in order to be as fair as possible to Mr T with the information available, we have carried out revised valuations to include the mentioned extras.

This produced valuations which ranged from £12,595 to £13,039. Only one of the guides gave a second hand value which increased its valuation by £600 when adding the optional extras. This was the lowest of the guides, so this was originally £11,995 without the optional extras.

On 7 February 2023 Ageas offered Mr T a market value of £12,290. Based on the information available to me, I can't say that this sum has been reached reasonably as Ageas hasn't provided evidence of the mileage, or that it included the extras for Mr T's car.

In line with our approach and my provisional decision, I therefore think Ageas should increase the valuation to the average of the valuations we obtained, being £12,817.

We think it's good practice for insurers to offer consumers an interim payment when they dispute the valuation placed on their vehicle. This is because at this stage, the insurer has accepted the policyholder has a valid claim, it's just the value that's in dispute.

I can see that Mr T rejected the valuation sum offered. But we don't think it's fair if an insurer simply doesn't offer to pay the consumer an interim payment until the dispute is settled.

When a consumer disputes the valuation an insurer places on the vehicle, we expect the insurer to let the consumer know they have a right to dispute the valuation, but offer to pay them an interim payment (usually the amount the insurer values the vehicle at) while that dispute is taking place. It should also let the consumer know that accepting the interim payment won't affect their rights to dispute it. Where it doesn't do this (even if its offer was fair), we will look at the impact this had and factor this in when recommending what the insurer needs to do to put things right.

Mr T has told us that he's been without funds to buy a similar replacement car since February 2023. As Ageas hasn't shown that it made any offer to pay Mr T an interim payment so that he had funds to enable him to buy a replacement car, I think it has acted unreasonably here.

Ageas issued a final response to Mr T on 7 February 2023 and this dealt with his complaint about the valuation. However, Mr T replied to query the mileage used in its valuation - and asked where his car was being stored and about his PI claim.

Ageas responded on 17 February 2023 to refer Mr T to this service in line with its final response letter dated 7 February 2023. But it didn't answer his questions. And we have asked Ageas for information about this, given it told Mr T he could bring these issues to this service, but Ageas hasn't provided a response.

So I think Ageas has caused unnecessary delay and poor service to Mr T.

In response to my provisional decision, Mr T explained that he was unable to drive for three months due to the impact of the incident. He has described the circumstances of the incident, and the long term and serious impact it has had on his health. Mr T has reiterated that he sent several email messages to Ageas which it didn't respond to.

I am upholding Mr T's complaint. I think Ageas should increase the valuation to £12,817. It should pay interest on this sum from 7 February 2023 to the date it pays at a rate of 8% simple interest a year. I understand Mr T says he cannot buy a similar car for less than £15,000. Our role is to determine whether an insurer has acted reasonably and in this case, I find the valuation checks are the most reasonable way for me to reach a fair outcome in line with our long standing approach.

I appreciate that Mr T doesn't agree that £300 compensation is enough to resolve his complaint. However, in the context of its poor service, I think a fair outcome is for Ageas to pay Mr T £300 compensation for the avoidable distress and inconvenience caused in failing to offer an interim payment in February 2023.

Mr T has mentioned that he sent Ageas emails in relation to a personal injury claim which it hasn't responded to. Mr T is entitled to raise a new complaint with Ageas about issues after 17 February 2023. If he's unhappy with the outcome, he can bring such new complaints to this service.

### **My final decision**

My final decision is that I uphold this complaint. I require Ageas Insurance Limited to do the following:

- Pay Mr T a market value settlement for his car of £12,817.
- Pay interest on this sum at a rate of 8% simple interest a year from 7 February 2023 to the date it pays him.
- Pay Mr T £300 compensation for the distress and inconvenience it caused.

Ageas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr T accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 11 January 2024.

Geraldine Newbold  
**Ombudsman**