

The complaint

Mr F and Miss G complain One Insurance Limited hasn't offered a fair value for their car following an accident which led to it being written off.

For ease, I've referred mostly to Miss G, the main policy holder, throughout this decision.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Miss G insured her car with One Insurance under a motor insurance policy. Miss G was the policy holder and Mr G a named driver under the policy.

In August 2022, Miss G was unfortunately involved in a car accident. One Insurance subsequently deemed the car to be a total loss and offered £13,710 to settle the claim, less Miss G's excess of £450.

Miss G wasn't happy, so she complained about the repairs not being done at a main dealer therefore affecting the warranty, the valuation and service provided. One Insurance did uphold Miss G's complaint about the valuation and used additional guides to assess the market value which should be paid to her for the car. As a result of this, it offered Miss G £14,663 for her car as well as £150 compensation for the distress and inconvenience caused. It didn't uphold Miss G's complaint about the repairs not being carried out at a main dealer. It explained since the car had been written off, there were no repairs to be carried out and no warranty to be breached.

Miss G brought her complaint to our service for an independent review. An Investigator at this service looked into matters and thought the offer made by One Insurance was fair as all the motor trade guides valued the vehicle at a lower amount. They also noted:

- One Insurance gave Miss G the option to keep the damage car and repair it herself but Miss G declined.
- Miss G's car didn't need to be sent to a main dealer's garage for an assessment of repairs nor valuation. This is because motor trade guides were used to set the value offered to her.
- One Insurance was entitled to charge Miss G's outstanding premium.

Miss G didn't agree and asked questions about a fuel card, tow bar and roof rack left with the car. She also felt the Investigator had acted unprofessionally and made statements which show a conflict of interest. The Investigator directed Miss G to One Insurance regarding the items she wanted recovered from the car in the first instance. In relation to the other points made, these didn't change the Investigator's view so the matter was then passed to me for a 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 recognise I've summarised this complaint in far less detail than the parties and I've done so using my own words. I'm not going to respond to every single point made by the parties involved. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this and it reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I've given careful consideration to all of the submissions made before arriving at my decision and I'm satisfied I don't need to comment on every individual argument to be able to reach what I consider to be a fair outcome.

Having done so, I must explain to Mr F and Miss G I consider the Investigator reached a fair outcome in this matter. So, I won't be asking One Insurance to do anything more than it has agreed to do to put things right. I'll explain why.

Valuation

It may be helpful to explain that my role isn't to give an exact value of Miss G's car. Instead, my role is to decide whether One Insurance has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I think it has. I'll explain why below.

Where a car has been damaged, it's usual for the insurer to pay the consumer the market value of the vehicle. The policy defines the market value as follows.

'The cost of replacing your car, if this is possible, with one of a similar make, model and specification, taking into account the age, mileage and condition of your car, immediately before the loss or damage happened.'

'In assessing the market value of your vehicle, we may refer to insurance industry recognised guides of vehicle values as well as searching for available vehicles being offered for sale to the general public.'

The terms and conditions of Miss G's policy also say:

'If your car is a total loss, your car will become our property...We will deduct any outstanding premium owed to us from any claims settlement we make to you as we will have met our responsibilities under the policy.'

This means One Insurance will pay the value of the car immediately before the accident which, here, it has ultimately determined to be £14,663. One Insurance referred to the trade guides to obtain a value for the car. The guides gave different figures, which isn't unusual. We would use a similar approach and the same trade guides to help decide if a settlement offer is fair when valuing second-hand vehicles. And we find these guides to be persuasive evidence of market value, mostly because their valuations are based on nationwide research of likely sales figures.

I can see the motor trade guides used by One Insurance were for cars of the same make, model, age, condition and mileage as Miss G's at the date of its loss. These checks found One Insurance's offer was above all of the valuations provided by the guides. Whilst I appreciate Miss G says the car will cost £20,000 to replace, I am not persuaded this impacts the market value One Insurance is required to offer in this matter. This is because I haven't

seen any evidence to suggest the offer made isn't a fair one. I appreciate Miss G refers to adverts on a main dealer's website, but I've seen other adverts for similar vehicles, all of which are below the amount offered to Miss G. So, I don't consider One Insurance acted unfairly in reaching the value it has.

In summary, I'm satisfied One Insurance's offer for the market value of Miss G's car at the time directly before the loss was fair according to the terms and conditions of the policy and our approach to complaints like this. It follows that I don't require One Insurance to increase this.

Main dealer

We wouldn't generally consider it fair to require an insurer to have the repairs done by the main dealer. And I note the terms of Miss G's policy specifically allow the insurer to use parts which aren't made by the manufacturer or have been recycled when carrying out repairs and to use repairers from One Insurance's panel of approved repairer.

The policy sets out how the market value will be calculated, and this refers to motor industry guides as well as vehicles being offered for sale.

So, I'm satisfied One Insurance wasn't required to have any repairs – not the assessment of repairs needed - carried out at a main dealership (though no actual repairs were carried out here in any event as the car was written off) nor obtain a valuation report from one.

Outstanding premium

I haven't seen any evidence Miss G wanted to put a new vehicle on cover within a reasonable period of their car being written off. Therefore, I don't consider it unreasonable for One Insurance to cancel the policy and require the outstanding premiums to be paid or to deduct these from the overall settlement figure paid to Miss G.

I note Miss G's policy has a specific term which says there's no refund due on cancellation if the insurer has paid a claim. I consider this to be a reasonable term and haven't seen any evidence it wouldn't be fair for One Insurance to keep the premium in this particular matter. However, looking ahead to the time the claim is settled, and noting correspondence from One Insurance which suggests the matter may go to court, it may be this will need to be reconsidered. I say this because, if One Insurance recovers its outlay on the claim from the third party's insurer, we'd likely consider it reasonable for One Insurance to allow a pro rata refund of the premium to Miss G, less any reasonable fees.

Service

A previous complaint with our service considered the service given to Miss G up to 28 October 2022 and so I haven't considered that period. I've also not considered any time after the last final response letter dated 19 April 2023 was issued.

Having done so, it's my view the service given by One Insurance wasn't quite at the level a consumer acting reasonably would be entitled to expect. However, I also note there were times Miss G asked One Insurance to stop progressing the claim and times when One Insurance was waiting for information or instructions from Miss G – for example, whether the valuation for the car was agreed.

Overall, taking everything into consideration, it's my view the amount of £150 offered in the final response letter of 19 April 2023 fairly resolves the complaint raised in relation to the

One Insurances service. So, I won't be asking it to do any more than it has already offered to do to put matters right.

Uninsured losses

Finally, I note Miss G has spent some time setting out to this service the uninsured losses which she says exceeds £130,000. An uninsured loss is a loss that isn't specifically covered by the policy including, for example, personal injury, loss of earnings, hire cars and personal possessions (that exceed the value of the limits in the policy which here is £200) and the excess.

For consumers not at fault for the accident, they can seek to claim uninsured losses back from the third party themselves, or through a motor legal expenses policy. This is subject to the usual requirements such as causation and evidence of amount of those losses. I note Miss G has contacted solicitors. And Mr F and Miss G's claim for uninsured losses being pursued through solicitors (or directly) isn't something One Insurance is responsible for in this matter and so it's not something I've considered.

I'm sorry to disappoint Mr F and Miss G but this ends what we – in trying to resolve their dispute with One Insurance in relation to the final response letters dated 9 January and 19 April 2023 – can do for them.

Any further issues arising would need to be raised with One Insurance (or the appropriate party), setting out the specific issues complained about and giving it an opportunity to investigate the complaint in the first instance.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint. So, One Insurance Limited doesn't need to do anything further than it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Miss G to accept or reject my decision before 14 September 2023.

Rebecca Ellis
Ombudsman