

The complaint

Mr S has complained about his motorbike insurer Ageas Insurance Limited regarding a total loss settlement offered when his bike was stolen.

What happened

Mr S's bike was stolen in May 2023. Ageas accepted the claim and looked to settle it as a total loss. In a final response letter dated 21 June 2023 it told Mr S that it was satisfied a fair market value for his motorbike was an average of two valuations returned from motor guides, less 15% because his motorbike had been stolen and recovered previously. It said that claim (made with another insurer) was still showing incorrectly on industry records (as unrecovered) – so it wouldn't pay its settlement – £4,772 (the average, minus 15%) less the policy excess – until that was corrected.

Mr S was unhappy. He complained to the Financial Ombudsman Service. He said he felt the motorbike was worth much more than Ageas was offering. He said he'd seen guide values of £9,500 to £10,500. Our Investigator noted the two valuations Ageas had returned (£5,472 and £5,766). He checked a third guide which returned a figure of £8,966. He completed some on-line research to consider sale prices for motorbikes similar to Mr S's. He also asked Ageas for any evidence it had to show that a previous theft would likely impact the market value of a motorbike. Ageas said it had no evidence as such but it stood to reason a buyer would not pay as much for a bike which had been stolen before, than for one which hadn't. It said, in that respect, it felt applying a 15% deduction was fair.

Our Investigator felt Ageas hadn't been fair or reasonable in offering settlement for the claim and withholding payment. He said the value he had obtained was likely the most reliable, so Ageas should settle the claim based on that market value, plus interest. Without making a deduction for the previous theft. Whilst paying interest on the settlement sum, applied from the date of loss until payment is made.

Mr S said he was happy with the amended market value. Ageas said its only objection was in respect of the 15% deduction. It maintained it was fair. The complaint was referred 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've seen the motor valuations. I've reviewed the research completed by our Investigator. I note Ageas did not present anything which might support that its reliance on the lower two valuations is fair. I concur with our Investigator that the available sale adverts show the third and highest valuation of £8,966 is most likely the best indicator of a reasonable market value for Mr S's motorbike. So I'm satisfied that any settlement Ageas should pay should be based on that as the market value.

I appreciate Ageas' view that prospective buyers might be put off somewhat by a motorbike which has been the subject of a previous theft. And I even agree that some might be worried about how the bike was used during the period it was stolen. But all of this seems to be largely conjecture and assumption on the part of Ageas. I think it's equally possible to think that a prudent buyer might research the motorbikes for sale, checking things like their MOT history and ultimately not be phased by this type of history. I'm also mindful that the second-hand sales market is currently quite competitive – which also doesn't seem to have been taken into account by Ageas. I'm not persuaded that Ageas has shown it is fair and reasonable to apply a deduction of 15% to the market value for Mr S's motorbike on account of it having been stolen previously and recovered. To be clear that's whether or not the correct history is recorded for it – Mr S, if needed to, could quite easily demonstrate, if required, to prospective buyers, that the history is wrong and being corrected. So while it's likely a deduction could be fair, I'm not satisfied Ageas has shown what the fair deduction should be. I'm therefore not persuaded it's fair and reasonable to deduct 15% from the market value for the previous total loss.

I'm disappointed to note that, to date, Ageas hasn't paid any settlement at all to Mr S. I really can't see any fair reason why, on account of a record for which Mr S has no control over, it felt it was fair to keep money it reasonably owes him under its policy. The record, in no way, affects its liability for this loss. Ageas should add interest to the settlement now due to Mr S from the date of loss until settlement is made.

Putting things right

I require Ageas to pay Mr S:

- £8,916, (£8,966 less the £50 policy excess), plus interest* applied from the date of loss until settlement is made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Ageas to take off tax from this interest. If asked, it must give Mr S a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Ageas Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 January 2024.

Fiona Robinson

Ombudsman