

The complaint

Mr J is unhappy with the settlement offered by Liverpool Victoria Insurance Company Limited (LV) after making a claim under his car insurance policy.

What happened

Mr J's car was stolen so he made a claim to LV, his car insurance provider.

The claim was accepted and ultimately LV offered a settlement for Mr J's car totalling £19,500 (£19,000 for the car and £500 for some extras) before excess deduction. Mr J was unhappy with the settlement amount, so he approached this service.

Our investigator looked into things, but he didn't uphold the complaint. He said LV's settlement offer was reasonable, and he thought overall they'd treated Mr J fairly. So, the investigator didn't recommend LV do anything further.

Mr J didn't agree and asked for a final decision from an ombudsman.

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.

Having done so, and whilst I appreciate it'll come as a disappointment to Mr J, I've reached the same outcome as our investigator.

Mr J's insurance policy says that, in the event of a theft and total loss, LV will pay the market value of his car. This is defined in the policy as:

*“Market value
the cost of replacing your car with the same make, model and specification. Age, mileage and condition will be taken into account. We'll ask an engineer for advice, use motor trade guides and other sources to determine the market value at the time of the accident or loss. We'll consider the amount you could have reasonably got for your car if you sold it immediately before the accident, loss or theft and not the price you paid for it.”*

LV determined the value of Mr J's car using valuations obtained through industry trade guides, and their engineer, as outlined in the terms. These resulted in valuations of:

- Glass's £18,440
- CAPS £17,473
- Parker's £16,680

LV initially offered £18,000, but later increased this to £19,000. In addition, they also offered £500 as Mr J had had some paint works carried out to his wheels and chrome trim.

Our investigator noted that on some of the valuations, the mileage differed by a minimal amount. So, valuations were checked taking this into account, along with listing some factory extras. But overall, he was satisfied the settlement offered by LV was already fair. He also explained that not all factory extras will increase the price, they may make a car more desirable to the buyer over cars without the same specific extras, but they won't always increase the value.

Valuations have also been checked on other valuation tools we use, Cazoo and Autotrader, which resulted in valuations of £18,445 and £18,900. So, also below the amount LV has offered already.

Having considered all the information provided, I think LV's overall settlement offer of £19,000 for Mr J's vehicle is reasonable and in line with all the valuations obtained. So, I'm not going to direct LV to increase this.

I do acknowledge Mr J says he can't replace his car with this amount following research online of similar vehicles for sale. But as outlined to Mr J by our investigator, this service's typical approach when considering complaints about the fair market value of a vehicle is to take into account what the market leading motor trade guides say the market value is.

The guides are independent of the insurance industry, and from one another. As a service, we find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations. We are confident these guides give a good reflection of the true market value of a vehicle.

I should also point out that this service generally finds these motor trade guides to be more persuasive than sales adverts. This is because advertised prices are often the starting point of a negotiation and what the seller would like to achieve, rather than the final price it sells for after negotiation.

LV has used the same industry guides our service typically relies on, and the additional valuations obtained also show the settlement amount already offered by LV is in line with these. I've considered the additional information and points Mr J has provided, but this isn't sufficient to persuade me the valuation reached by LV was unfair or unreasonable. Therefore, I won't be directing LV to increase the settlement amount.

Mr J has also said the additional £500 LV offered to take into account the paint works he had completed should be increased to £700. This is because he paid this amount when he had the work completed around 18 months before, and he says it would cost more than that to have the same work carried out now. However, I think the amount offered by LV is already reasonable, as the policy provides cover for the market value of the car. The policy terms don't provide cover for non-standard features or reimbursing the original financial cost of these when they were carried out. And I don't think LV making a deduction for depreciation is unfair or unreasonable in the circumstances. So, I'm not going to direct LV to increase this to the original amount Mr J paid some time before.

I also note that LV settled Mr J's claim relatively quickly after the loss occurred, and I think the offer they made was reasonable. I do recognise Mr J said he had to wait on hold several times during the course of the calls he made to LV about his claim, and to dispute the valuation. But with any claim there will be inconvenience, and this didn't impact on the overall settlement offered by LV, which for the reasons outlined, I think was already fair.

Mr J is also unhappy LV's engineer didn't send or discuss all the adverts he looked at online. Having listened to the call, the engineer explained he'd had to research using a slightly different model and some had a lower mileage. However, as I have outlined, I think the settlement offered by LV based on the guides was already fair, so I don't think this had any impact on the settlement overall.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 14 August 2023.

Callum Milne
Ombudsman