

## **The complaint**

Mrs E complains One Insurance Limited's offer to settle her motor insurance claim is unfair.

## **What happened**

In June 2023 Mrs E's car was stolen. She claimed for the loss against her One Insurance motor insurance policy. She wasn't satisfied with the settlement it offered. She felt it wasn't enough to buy a replacement car. In response One Insurance increased its offer. It based the increased offer on a market value of £29,485 – with a £400 policy excess to be deducted. In a complaint response it said that was based on the average of two valuations from trade guides.

Mrs E wasn't satisfied so came to the Financial Ombudsman Service. She said the increased offer isn't enough to fund a replacement. She explained that being without a car since the theft had caused her distress and inconvenience.

Our Investigator felt One Insurance had used an unfairly high mileage, 18,500 rather than 17,500, when valuing the car. Using the lower mileage he checked four trade guides. He said the highest valuation should be considered as a fair market value – £30,824. So he recommended the claim be settled based on that figure – with simple interest added from July 2023.

He added One Insurance had acted unfairly by not proactively offering Mrs E an interim payment. That would have allowed her to buy a replacement. He said as it hadn't, she had been unable to purchase a replacement vehicle. He recommended it pay her £400 to recognise the unnecessary inconvenience she had been caused across six months.

Mrs E accepted the proposed outcome. One Insurance didn't accept the higher market value, but didn't object to the other recommendations. As the complaint wasn't resolved it was passed 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.

Mrs E's policy covers her car against theft. The policy says One Insurance will make a payment based on the market value of the car. Market value is defined by the policy as the cost of replacing the car with one of a similar make, model and specification taking into account its age, mileage and condition immediately before the loss.

So I've considered if One Insurance's offer to settle Mrs E's claim is fair and in line with these terms. When looking into these types of complaints we check trade guides, adverts and other relevant evidence. We consider whether the insurer has made a reasonable offer in line with the evidence. We generally find the guides persuasive as they're based on nationwide research of likely selling prices, so they can be more reliable than individual adverts. But as I've said we do consider other evidence.

When checking the guides our Investigator used a lower mileage than that applied by One Insurance. I can see Mrs E stated 17,500 as an estimated maximum mileage when making her claim. I haven't anything that explains why One Insurance opted for 18,500. It didn't object to the lower mileage when responding to the Investigator's assessment. So I consider 17,500 to be the appropriate mileage for considering the market value.

Using that mileage this Service checked four trade guides for Mrs E's car. The results were A) £30,824, B) £29,500, C) £28,600, C) £29,828.

One Insurance used a market value of £29,485. I don't consider that being very close to the highest of the guides – Guide A. So to be satisfied it reflects a fair market value, I'd expect to see further evidence in support. One Insurance hasn't provided anything persuasive.

To illustrate a higher valuation Mrs E provided internet links to adverts for cars. Unfortunately I haven't been able to view the adverts. I accept she paid more for the car than the highest guide. But that price was paid nine months before the loss and with the car having travelled 2,400 less miles.

In conclusion I haven't been given persuasive evidence that either a lower or a higher valuation than Guide A would be fair. So Mrs E's claim should be settled based on a market value reflecting that guide – £30,824. That will be £30,424 after the excess is applied. As I understand it, she has been made an interim payment now. If that's the case One Insurance will need to pay her the shortfall between what she has been paid so far and £30,424.

Our Investigator recommended simple interest at 8% be applied from 26 July 2023 to the date of settlement. He chose that date, one month after the loss, as he felt it was a reasonable period to allow the claim to have been processed and paid. I'm satisfied Mrs E was unfairly left without the funds for many months as a result of One Insurance's unreasonable settlement offer.

So I agree with the Investigator's proposal. That means One Insurance will need to add simple interest to the settlement – from 26 July 2023 to the date of payment. If the claim is settled by two payments, interim and final, interest should be applied to each sum until the date it was paid.

Being without the funds also caused Mrs E additional distress and inconvenience – beyond what she would have experienced had the claim been settled fairly. She's explained how being without her own car, over many months, caused difficulties with her arrangements – including for work, shopping and when looking after her grandchildren. I agree with the Investigator that £400 is a fair amount to recognise the impact on her.

Finally One Insurance has said its not fair that this Service has applied an updated approach to market value settlements, when its offer pre-dates the change. Regardless of when an offer was made, I'm concerned with ensuring One Insurance meets its obligation to ensure Mrs E receives a fair market value settlement. Having reviewed the evidence I'm not satisfied its offer was justified, fair or in line with the policy terms.

### **My final decision**

For the reasons given above, One Insurance Limited will need to:

- settle Mrs E's claim based on a market value of £30,824,
- add simple interest, at 8%, to the full settlement from 26 July 2023 to the date of payment(s) as set out above, and

- pay her £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 25 April 2024.

Daniel Martin  
**Ombudsman**