

The complaint

X complains that West Bay Insurance plc mishandled a claim on his motor insurance policy.

What happened

The subject matter of the claim and the complaint is a large sports utility vehicle, first registered in 2016.

X acquired the vehicle in 2019 (according to the 2022 policy schedule).

For the year from mid-September 2022, X had the vehicle insured on a policy branded with the name of a retailer and arranged by an insurance intermediary. West Bay was the insurer responsible for dealing with any claim. Any claim (except a glass claim) was subject to an excess of £425.00.

Unfortunately, in mid-October 2022, X reported that someone had stolen the vehicle.

In late October 2022, X agreed to buy a replacement vehicle for about £35,000.

West Bay said that X's old vehicle was a total loss and that its pre-theft value had been £30,000.00.

By mid-December 2022, X had complained to West Bay that it wasn't paying him enough and hadn't offered him an interim payment.

By a final response dated mid-January 2023, West Bay turned down the complaint about the valuation. It referred to figures in the trade guides as follows:

CAP £25,987.00

Glass £27,200.00

Cazoo £31,662.00

But West Bay accepted that there had been delay in responding to X's request for an interim payment. It said it was sending X a cheque for £100.00 compensation.

A few days later, X brought his complaint to us.

our investigator's opinion

Our investigator didn't recommend that the complaint should be upheld. The investigator thought that West Bay's valuation fairly reflected the market value of the vehicle, and the offer of compensation for the delays and inconvenience was fair and reasonable.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to X and to West Bay on 2 August 2023. I summarise my findings:

The market value of the vehicle formed a cap on the amount of any claim for the theft of the vehicle and its accessories. So I didn't find it fair and reasonable to direct West Bay to pay X any separate amount for the roof bars.

I didn't find that West Bay treated X unfairly by its valuation.

West Bay should've offered an interim payment when X disputed the valuation in November 2022.

I was satisfied that £100.00 was fair enough for distress and inconvenience.

Subject to any further information from X or from West Bay, my provisional decision was that I upheld this complaint in part. I intended to direct West Bay Insurance plc to:

- pay X (in addition to its payment of £100.00 for distress and inconvenience) simple interest on £29,575.00 at a yearly rate of 8% from the date of his claim to the date of its interim payment. If West Bay considers that it's required by HM Revenue & Customs to deduct income tax from this interest, it shall tell X how much it has deducted and provide X with a certificate so that X may reclaim the tax if appropriate.

X disagreed with the provisional decision in part. He says, in summary, that:

- The insurance doesn't cover the real- world cost of replacing the loss with a similar vehicle at short notice at the time in question from a reputable dealer.
- The accessories are also mentioned as covered. If a car with accessories, and a car without accessories, are both covered to the same value, then the accessories are effectively not covered, and the policy wording (to say that they are) is misleading.
- An award at least in the mid-range (say £200.00), if not at the upper end of the range would have been reasonably appropriate.

West Bay accepted the provisional decision. It says, in summary, that:

- It agrees to add 8% interest from the offer date of 22 November 2022 to the payment date of 10 January 2023, which is a net interest amount of £255.82.

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.

Roof Bars

The policy terms included the following:

"3 Fire and theft

What is covered under this section

This section provides you with cover for loss or damage to the car and its accessories caused by fire, theft or attempted theft. The insurer will decide either to;

- *pay to have the damage repaired; or*

- *pay to replace what is lost or damaged if this is more cost effective than repairing it; or*
- *pay you an amount equal to the loss or damage*
- ...
- The insurer will not pay more than the market value of the car at the time of the loss unless the new car benefit applies."*

So there was cover for the theft of the vehicle and its accessories. But that cover was limited to the market value of the vehicle. (The new car benefit only applied to a vehicle that was less than 12 months old.)

I've seen the invoice for X's replacement vehicle. It includes £336.00 including VAT for roof bars. I find it likely that the value of X's old roof bars was less than that. In any event, I don't accept that they were covered over and above the market value of the vehicle.

Rather, I consider that the market value of the vehicle formed a cap on the amount of any claim for the theft of the vehicle and its accessories. So I don't find it fair and reasonable to direct West Bay to pay X any separate amount for the roof bars.

In response to the provisional decision, X says that the accessories weren't effectively covered. But I find that the meaning of the policy term is plain. It's possible that accessories would add to the market value of the insured vehicle. But there's not enough evidence that X's old roof bars added to the market value of his vehicle.

Market Value

We expect an insurer to value a used vehicle by reference to the retail figures in certain trade guides. We usually find those figures persuasive because they are based on extensive research of likely selling prices.

Compared to the guides, we usually find advertisements less reliable because they contain sellers' asking prices that may be subject to negotiation downwards.

Typically, each guide contains a different figure so that they form a range. We may disregard any figure that's significantly out of line with the others. Subject to that, we often say that any figure in the range is fair and reasonable.

I've noted the make, model, specification, age, mileage and condition of X's vehicle.

I've mentioned the roof bars. I also accept X's evidence that his vehicle had corrosion protection and a new engine. I also accept his evidence that immediately before the theft, the vehicle was in above-average condition. However, I haven't seen enough evidence to show that any of those features made it unfair to use the retail figures in the trade guides.

For a vehicle like X's, I've seen retail figures in the trade guides as follows:

CAP	£25,987.00
Glass	£27,200.00
Auto Trader	£29,553.00
Cazoo	£31,662.00

I don't disregard any of those figures as an outlier.

West Bay's figure of £30,000.00 is well within the range of those figures – and towards the top end of it. So I don't find that West Bay treated X unfairly by its valuation. I don't find it fair and reasonable to direct West Bay to increase its valuation or to pay X any more for his lost vehicle.

In response to the provisional decision, X has said that West Bay's figure wasn't enough to pay for a similar replacement vehicle. But I'm satisfied that West Bay's figure was fair in line with our usual approach.

Interim payment

X asked for an interim payment on about 12 December 2022. On about 30 December 2022, West Bay agreed and asked for X's bank details so that it could make the interim payment. X provided those details on about 7 January 2023.

In mid-January 2023, West Bay made an interim payment of £30,000.00 less the excess of £425.00, that is £29,575.00.

West Bay's final response said that it should've responded more promptly after the request on about 12 December 2022. However, I consider that West Bay should've offered an interim payment when X disputed the valuation in November 2022.

So I find it fair and reasonable to direct West Bay to pay X interest at our usual rate.

The provisional decision included interest to start from the date of the claim (mid-October 2022). In response, West Bay has contended for interest to start from the date of its offer (22 November 2022). On reflection, I consider that, from the date of the claim, I should allow one month before I would say that an interim payment should've been made, and interest should start to run. I intend to leave it to West Bay and X to work out the amount of gross interest and any deduction for income tax.

Distress and inconvenience

In my view, the theft and the need to make a claim were bound to cause X upset and put him to some trouble. That included the need to make calls and to provide information to his insurer.

However, I consider that West Bay was responsible for some delays and shortcomings in its communication. And that caused X to make extra phone calls and to have to repeat information.

I give West Bay credit for its payment of £100.00.

Also, I take the view that much of X's distress and inconvenience was to do with being kept out of his money, for which interest is compensation.

In response to the provisional decision, X has contended for increased compensation. But I'm, keeping in mind that I haven't upheld his complaint that West Bay under-valued his vehicle. I'm also keeping in mind that I'm awarding interest on the £29,575.00. So I'm satisfied that £100.00 is fair enough for distress and inconvenience.

Putting things right

I conclude that it's fair and reasonable to direct West Bay to pay X (in addition to its payment

of £100.00 for distress and inconvenience) simple interest on £29,575.00 at a yearly rate of 8% from the date one month after his claim to the date of its interim payment.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct West Bay Insurance plc to:

- pay X (in addition to its payment of £100.00 for distress and inconvenience) simple interest on £29,575.00 at a yearly rate of 8% from the date one month after his claim to the date of its interim payment. If West Bay considers that it's required by HM Revenue & Customs to deduct income tax from this interest, it shall tell X how much it has deducted and provide X with a certificate so that X may reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 12 September 2023.

Christopher Gilbert

Ombudsman