

The complaint

Mr J and Ms W have complained about the amount West Bay Insurance Plc has paid in settlement of a claim under Ms W's Agricultural Vehicle insurance policy. Mr J is a named driver on the policy and the owner of the vehicle which is the subject of the claim.

Mr J and Miss W are represented by Miss P.

What happened

Mr J's vehicle was damaged in an accident in July 2022. West Bay's repairer estimated the cost of repairing it to be around £12,000. So, West Bay decided to treat it as a total loss. Initially, West Bay offered a settlement based on a market value of £12,568. Mr J and Ms W rejected this offer and West Bay made a new offer based on a market value of £13,764. Mr J and Ms W rejected this offer. So West Bay made a final offer based on a market value of £15,250. West Bay paid the settlement amount due after the deduction of the policy excess of £14,900 direct to Mr J.

Mr J and Ms W complained about the settlement amount, as they thought the market value of the vehicle was much higher. They also complained about the fact West Bay had paid the settlement amount to Mr J and not used it to clear the finance on his vehicle.

West Bay issued two final response letters. On the complaint about the market value it said it was satisfied it had paid the right amount. On the complaint about the payment being made direct to Mr J it said it had carried out an HPI check in July 2022 and this had not identified any finance on the vehicle. And it said – in view of this - it was satisfied it had followed the right procedure.

Mr J and Ms W asked us to consider their complaint. One of our investigators did this. He said that what West Bay had paid in settlement was fair, so he didn't think it needed to increase it. On the payment going direct to Mr J, he said he didn't think West Bay needed to compensate Mr J as he could have settled the finance himself when he got the settlement amount from West Bay.

Miss P had also raised a further point about West Bay's handling of the claim, in that it hadn't obtained CCTV footage of the accident giving rise to it. Even though this was not part of Mr J and Ms W's original complaint to us or something they'd complained to West Bay about prior to coming to us, the investigator said West Bay did try to obtain the CCTV footage, but couldn't as it was only available for seven days.

Mr J called us in August 2023 to say he wasn't happy with our investigator's view on his complaint and he asked 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.

Ms W's policy says that if the insured vehicle is classed as a total loss West Bay should base its settlement on the 'Market Value'. This is defined as 'The cost of replacing your vehicle, if this is possible, with one of a similar make, model, year, mileage and condition'.

We usually use independent trade guides to get the replacement cost of a vehicle at the time it was damaged. And we expect insurers to do the same and come up with a fair valuation by doing this. We do also consider adverts for similar vehicles and – while we don't place as much weight on these as we do on the guides, we do think they can be a good indicator of whether the guides are correct. And, in some instances, they can show that all or some of the guides are wrong.

I don't think West Bay's approach to this claim was appropriate in the first instance. I say this because it seems it had two valuations from the guides and based its first offer on the lower one. It did then increase its offer to an average of the two guide values. And it eventually increased it to a figure higher than both the guide values it had at this time. But, I don't think it should have based its settlement on the lowest of the valuation guides in the first instance, without doing more research to check this was correct. And I suspect if it had done more research and looked at adverts, it would have discovered the lower valuation was very likely to be incorrect. However, it did at least get to what I consider to be a fair valuation in the end.

Turning to the final valuation itself. It seems by the time it submitted its file to us West Bay had a third valuation from a guide we use. This guide provided a value of £16,425. I have also checked this guide and it has provided a valuation of £15,302 with adverts for similar vehicles supporting this. The valuation I obtained from this guide is different to the ones West Bay and our investigator obtained because the guide in question refreshes its data. This means the valuation it has provided recently is more likely to reflect what similar vehicles were selling for in July 2022 when Mr J's vehicle was damaged. I've also checked another guide which has provided a valuation of around £16,000.

This means that the final valuation West Bay used was near the higher end of the guides and it is supported by adverts. So, I think it is fair; and I see no reason to make it increase it.

I've considered the representations made by Ms P and Mr J and Ms W and the adverts they've provided, which they have suggested are for similar vehicles. However, these aren't dated, nor do they show a mileage. And they are for a newer model than Mr J's vehicle, albeit from the same year of manufacture. So, they don't alter my view that the value West Bay used in the end was fair.

I've also considered Mr J and Ms W's complaint about West Bay settling with Mr J direct instead of settling the finance on his vehicle. I've not seen the HPI check West Bay carried out, as it did not provide it as part of its evidence as far as I can see. But I have no reason to doubt the fact it carried it out. So, it's odd that the finance didn't come up on it. But, assuming West Bay did do it, there wasn't any reason for it to think there was finance on the vehicle. And this means it was reasonable for it to settle with Mr J direct. And, even if I thought West Bay had made a mistake with the HPI check, I wouldn't uphold Mr J and Ms W's complaint about its failure to settle the finance, as when Mr J got the settlement amount I think it is reasonable to say he should have realised West Bay hadn't settled the finance and that he needed to do so.

I've not considered Mr J and Ms W's issue with West Bay not obtaining the CCTV footage, as it wasn't part of their complaint to us or West Bay. But I hope what our investigator said on it has reassured them.

My final decision

For the reasons set out above, my final decision is that I do not uphold Mr J and Ms W's complaint about West Bay Insurance Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Ms W to accept or reject my decision before 30 November 2023.

Robert Short
Ombudsman