

The complaint

Mr L complains about the value AXA Insurance UK Plc placed on his car following a claim on his car insurance policy.

What happened

Mr L was hit in the rear so claimed on his car insurance policy with AXA. AXA reviewed the claim and accepted it. It said due to the damage to Mr L's car it would be deemed what is known as a "total loss". AXA made an initial offer for the market value of his car, which Mr L didn't accept, the offer was then increased to £11,480. Mr L said the market value AXA offered for his car was too low and complained but accepted the £11,480 so he could buy another car.

AXA reviewed the complaint and said it had used two motor valuation guides which valued Mr L's car between £7,018 and £12,110. AXA therefore stood by its offer of £11,480, however it recognised it could have handled the claim better and paid Mr L £250 compensation. Mr L didn't think this was good enough and referred his complaint here. He said he couldn't find a car for less than £15,000 and provided links to online adverts for cars for sale.

After the complaint was referred to this service, AXA reviewed its position on the complaint and said it didn't think it had paid enough for Mr L's car. It therefore increased its offer to £13,500. Our investigator looked into the complaint and found this new offer was higher than the values provided by the motor valuation guides we use. He also said he couldn't see any adverts from around the time Mr L's car was deemed a total loss, as the links had expired. So he thought the offer of £13,500 was fair.

Mr L didn't agree, he said he wouldn't have been able to replace his car for less than £15,000 and so AXA should pay this amount.

As Mr L didn't agree the complaint has come 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.

The terms and conditions of Mr L's policy say that if AXA deem his car a total loss, it will pay him the market value. It defines market value as *"the cost of replacing your car with another of the same make and model and of a similar age, mileage and condition at the time of the accident or loss."*

Our service doesn't value cars. Instead we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant motor trade valuations guides. I usually find these persuasive as they're based on nationwide research of likely sales prices.

The four motor valuation guides we use gave values of £9,095, £10,796, £11,530 and £12,035. I can see Mr L has said it would cost around £15,000 for a like for like car, unfortunately the links to the adverts provided no longer work so I've not been able to see what they showed from the time his car was a total loss. AXA has also offered £13,500 for his car, which is above the valuations given by all the motor valuation guides. I'm therefore satisfied it's a fair and reasonable valuation in the circumstances.

I appreciate this isn't the answer Mr L was hoping for, but for the reasons explained I'm not persuaded AXA's final offer of £13,500 is unfair. However, I can see his car's valuation was increased at least twice and AXA acknowledged he didn't have the best claims journey. AXA has already paid £250 compensation for this; I'm satisfied that's a fair and reasonable amount for the distress and inconvenience caused by AXA's poor claim handling. It therefore follows I'm not going to tell it to pay any more.

My final decision

For the reasons explained above, I uphold this complaint. I require AXA Insurance UK Plc to pay Mr L £13,500 as the market value for his car, subject to any applicable policy excess, if not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 29 September 2023.

Alex Newman
Ombudsman