

The complaint

Mr L has complained about U K Insurance Limited trading as Direct Line. He isn't happy about the valuation of his car after it was deemed a total loss after a claim under his motor insurance policy.

What happened

Mr L made a claim under his motor insurance policy and his car was deemed a total loss. When UKI looked to settle the claim Mr L wasn't happy with the valuation of his car.

UKI looked to value Mr L's car after it was written off by looking at a number of the various trade valuation guides in order to gauge the market value of his car. It offered Mr L around £2,750 for his car (which was the highest valuation it found from the three guides it used) less the policy excess. But Mr L wasn't happy about this as he thought his car was worth about £3,500 so he complained to this Service.

Our investigator looked into things for Mr L, but she didn't uphold his complaint. She looked at the various motor trade valuation guides available for Mr L's car from around the time of claim, but she was satisfied UKI's offer was in line with these, so she didn't think it had done anything wrong. Ultimately, she thought UKI had offered a fair market value for Mr L's car.

UKI accepted the investigators findings, but Mr L didn't. He maintained that his car was worth more than UKI had offered so the matter has been 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.

Having done so, and despite my natural sympathy for Mr L who simply feels his car is worth more than UKI have paid him, I'm not upholding this complaint. I'll explain why.

This Service has an established approach to valuation cases like Mr L's. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions. I pay attention to the various trade valuation guides used for valuing cars. And I look at any other evidence provided by both sides.

This evidence might include advertisements for the sale of similar cars. But I generally place less weight on these than on the trade guides, as the guides give an up-to-date estimate of the value of the car in question. The condition of the car at the time of the incident is also an important factor to consider. And I must emphasise that I will only order a business to increase its valuation if I consider it is unfair.

Valuing second-hand cars is far from an exact science and it isn't my role to value Mr L's car. I'm just looking to see if UKI has acted reasonably in providing a fair market value of his car and, overall, I think its valuation was fair.

UKI used three different trade valuation guides and ignored the two lower guide prices in deciding to pay Mr L a market value of just over £2,750 - as it ignored the two lower guide valuations I can't say it acted unreasonably here. And when our investigator looked into the position and gained a valuation from all the available guides they were in line with the valuation provided by UKI so it would seem that the market value offered feels fair.

I know Mr L provided some evidence which he thought suggested his car was worth more. But in the main these adverts were for cars with different specification and mileage to his, so I don't think they are reflective of the market value of his car. It is clear the advertisements Mr L provided are for cars, in the main, that had a lot less mileage than his.

Given all of this, I can't say that UKI has acted unfairly here. As I've said it is very difficult to value second-hand cars, but UKI seems to have acted fairly in offering a market value in line with the highest trade valuation guide found.

My final decision

It follows, for the reasons given above, that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 December 2023.

Colin Keegan
Ombudsman