Case study: Insurance

MOTOR INSURANCE CLAIM SETTLED ON BASIS OF MARKET VALUATION
Themes: Vehicle insurance policy; write off; market value; terms and conditions.

This complaint relates to a motor insurance claim valuation that was rejected as the insurance company believed the claim was fairly assessed.

In November 2022, Mrs P's vehicle suffered damage when another road user collided with her whilst she was driving. Mrs P contacted her vehicle insurance provider who concluded that Mrs P's vehicle was a 'write off' and offered Mrs P £5,000 to represent the vehicle's market value. Mrs P was not prepared to accept the settlement because she had paid £8,000 for a suitable replacement vehicle. Mrs P considered that the policy information within her terms and conditions regarding 'market value' should include how much it would actually cost to buy a replacement vehicle, not just market value. Mrs P claimed the additional £3,000 as an uninsured loss against her legal expenses' insurance - which was declined. Mrs P's claim for the additional £3,000 was rejected by her vehicle insurance company as they believed its offer was fair and the valuation was based on industry guidance as required under the terms of the policy, they had provided an offer above the highest guide price and had also waived the £100 policy excess fee that Mrs P would have to pay. Mrs P referred her complaint to CIFO.

CIFO investigated and noted that Mrs P's vehicle insurance policy's terms and conditions were clear, stating that the vehicle would be replaced with one of the same market value if the vehicle was beyond economical repair. CIFO also noted that Mrs P's vehicle insurance provider had explained how her vehicle's valuation had been calculated and having completed their own research, agreed the valuation was fair and reasonable. Therefore, CIFO concluded that it would be unfair to expect Mrs P's vehicle insurance company to cover any additional costs made to purchase a vehicle above the calculated market value. CIFO did not uphold the complaint.