

<b>final decision</b>	
<b>complaint by:</b>	Mr J .....
<b>complaint about:</b>	Ageas Insurance Limited
<b>complaint reference:</b>	2155-7320/JB/MI38
<b>date of decision:</b>	1 May 2020

### **complaint**

Mr H says Ageas Insurance Limited didn't pay him enough for his written-off classic car when he made a claim on his motor insurance policy. He also says it deducted too much for the car's salvage value. Mr H is represented by Mr K.

### **background**

Mr H's car was written-off in a non-fault accident in 2018. Ageas offered him £12,000 for it, minus a deduction of £4200 for the salvage. Mr H said it was worth £18,000. Mr K carried out research and said it was worth over £22,000. Mr H then got a report from an independent motor vehicle damage assessor ("Mr P"). Based on his research, Mr P said the car was worth £21,000. He thought a reasonable salvage value was 5% of that, as the car was rare and there was unlikely to be a demand for its salvaged parts.

One of our investigators considered Mr H's complaint. He checked two classic car guides, which showed a valuation for the car at around £14,650. But he also took into account the submissions made by Mr P and Mr K. They both provided a range of adverts and Mr P sought statements from members of the car's owners' club. The investigator noted that Mr H had spent many hours developing the car, thereby increasing its value. He concluded that Ageas should pay Mr H £20,000 for it, minus 5% for the salvage.

Mr H accepted the investigator's view. Mr K said Ageas should also pay Mr H £100 for Mr P's report, plus £350 for his own services. And he thought it should also pay Mr H interest, plus compensation for distress and inconvenience, especially given the time that had elapsed since the claim was made.

Ageas didn't accept the investigator's view. Its senior engineer said he agreed with the assessment made by Ageas's original engineer. He said Mr H's car was in a poorer condition than some of the examples provided in support of his claim. He thought it wasn't dissimilar to a car on sale for £5,000. He said other adverts showed cars that were in excellent condition, whilst Mr H's car was only in 'fair' condition. He didn't accept that the car had a competition bias to it. He also disagreed with the salvage deduction at 5%. He said a set of wheels for the car alone was worth £700.

As there was no agreement, the complaint was passed to me for review. I issued a provisional decision as follows:

*As Mr H's car is a classic, with rare features and improved performance from its original state, I don't think establishing a fair market value for it is straightforward.*

*The initial report from Ageas's engineer focused on the poor paintwork and some missing interior trim. The engineer did note that the engine, suspension, interior and bodywork had been modified. But he didn't comment on the modifications, nor did he refer to their rarity or*

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*say what effect they may have had on the car's performance. The senior engineer later agreed with him and commented on the car's 'fair' condition.*

*I think the details in Mr P's report are more persuasive than the arguments put forward by Ageas. We normally give great weight to the views of independent engineers and assessors, whose duty is to the court. Mr P accepted that the price of cars similar to Mr H's car ranged from as low as £5,000 (when needing complete restoration) to £50,000 in pristine condition. He said it wasn't a road-biased, standard car and identified that it was one of only six in Europe that had mechanical fuel injection. He also noted the other features fitted to it in over 30 years of development by Mr H. He said the car wasn't in immaculate condition – but had it been so it would have been even more valuable.*

*Mr P's view was that Mr H's car (as modified) was exceptionally rare. He said a replacement would need a great deal of modification, which would cost many thousands of pounds – assuming the required parts were available. He said some of the items fitted to Mr H's car were so rare they couldn't be sourced in the UK. He found one example of its fuel injection system (in the USA) at a cost of around £3,000. In terms of salvage, Mr P contacted several salvage agents who said the car wasn't a desirable salvage proposition. They said that was due to the problem in getting a good return on it, given the limited market. He concluded that 5% was reasonable for a salvage deduction and valued the car at £21,000.*

*The three statements provided by members of the car's owners club are from people known to Mr H, so they aren't independent. But I don't think their content can be entirely disregarded because of that. The statements confirm that the car's performance had been substantially enhanced by Mr H over many years and that it was a 'one-off'. That supports Mr P's view. They say the car was well-known in the UK and was driven in competitions. All three members said the car was equivalent to one with a higher (1.6 litre) engine given all Mr H's work on it. I think it's more likely than not that the members' comments are accurate.*

*The research I carried out showed that cars similar to Mr H's car (perhaps in better condition, but without the upgraded engine) were mainly priced between £18,995 and £21,995. Similar cars with a higher specification engine were advertised at much higher prices. So taking everything into account, I think it would be fair and reasonable for Ageas to pay Mr H £20,000 for his car, as the investigator suggested. In terms of a deduction for salvage, Mr P's research appears to show that the open market salvage value is likely to be 5%. To date, I don't think Ageas has provided evidence to justify a 20% deduction, so at the moment I think a 5% deduction would be fair and reasonable.*

*I think Ageas should add 8% interest to the payment made to Mr H for his car, but not to the whole sum. The file notes show that Ageas offered an interim payment to Mr H on 7 February 2019, and that it was refused. Mr H could have accepted it and still contested the car's valuation. So I think the interest should be paid from the date of that offer on the difference between the interim offer and the full sum to be paid to Mr H for the car.*

*I can see why Mr H asked an independent assessor to provide a report. I think it would be reasonable to require Ageas to pay for it. Mr H was entitled to appoint Mr K as a paid representative, but as I don't think that was necessary, I don't think Ageas should have to pay for that.*

*Mr H hasn't had the benefit of his car since the accident, but as it wasn't his day-to-day vehicle, I don't think Ageas should have to pay him for loss of use. But I have no doubt that Mr H has been upset and inconvenienced by not having been offered the car's full value.*

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*Overall I think it would be fair and reasonable for Ageas to pay Mr H £350 compensation for distress and inconvenience.*

I asked the parties to comment on my provisional findings. Ageas said it had nothing to add. Mr K said Mr H accepted my findings in relation to the car. But he thought there should be a loss of use payment for Mr H. At £10 a day, he thought Mr H was due well over £56,000. And he thought the award for distress and inconvenience should fall within the category we class as 'severe', so Ageas should pay Mr H £2,000 as a minimum. Mr K said that as a

layperson, Mr H was entitled to seek the services of an expert. As Mr K had carried out investigations on his behalf, he thought Ageas should refund his charges to Mr H. **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We don't usually say businesses should pay consumers for the loss of use of a car that isn't the day to day vehicle they rely on for transport. Mr H lost the enjoyment of using his car at special events and was also frustrated by not being paid the full sum for his vehicle. If he accepts my decision, Mr H will get the rest of the sum due for the car, plus interest. I still think £350 compensation is a reasonable sum to reflect his general loss of enjoyment and frustration. Mr H was entitled to ask Mr K to work on his behalf. But as I don't think that was essential, I remain of the view that Ageas shouldn't have to refund the sum he paid.

### **my final decision**

My final decision is that I uphold this complaint. I require Ageas Insurance Limited to do the following:

- Pay Mr H £20,000 for his car, minus a deduction of 5% for the salvage
- Add interest to the difference between the interim offer and the full payment due to Mr H, at the simple yearly rate of 8%, from the date of the interim offer to the date of the settlement
- Pay Mr H £100 for the independent assessor's report
- Pay Mr H £350 for distress and inconvenience

If Ageas thinks it's required by HM Revenue & Customs to withhold income tax from the interest, it should tell Mr H how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 June 2020.

S. E. \_\_\_\_\_

Susan Ewins  
**ombudsman**