

Final decision	
Complaint by:	Mr S Hunter
Referred to as:	Mr H
Complaint about:	QIC Europe Ltd
Complaint reference:	PNX-4394342-N4R0
Date of decision:	23 December 2022

The complaint

Mr H complains that QIC Europe Ltd (QIC) have settled a claim under his motor insurance policy for considerably less than it should have.

Any reference to QIC in this decision also includes agents working on their behalf.

Mr H is represented on this case but for ease I will refer to Mr H throughout.

What happened

Mr H had a market value insurance policy for his car with QIC. In July 2021 he was involved in a multi-vehicle accident in which significant damage was caused to his car.

QIC arranged for the car to be collected and inspected, following accident. The car was left in outside storage for several weeks, it is a soft top convertible, and the roof was not in the full upright position, so the interior of the car was exposed to the elements during this time.

Following a report from their engineer QIC declared Mr H's car a total loss and offered him £29,750. Mr H disputed this valuation – he believed his car to be worth much more as it is a rare hand-built car. QIC considered this but said they were unable to increase their offer as there was pre-existing damage to the car and the interior had suffered wear and tear that brought down the pre-accident value of the car.

Mr H provided QIC with a report from an engineer that disputed their engineer's findings and valued the car at £60,000. QIC said they weren't persuaded by this as the engineer hadn't physically inspected the car. So, Mr H paid for the engineer to go and do a physical inspection of the car and provide an in-depth report. He paid £550 for reports. The new report maintained the £60,000 valuation placed on the car. This valuation was after a deduction of £10,000 to restore the paintwork as this was damaged prior to the accident. QIC didn't think the new report changed things and maintained their offer of £29,750 and paid this to Mr H minus his excess.

Mr H brought his complaint to this service. Our investigator upheld Mr H's complaint. In summary she said as the car was a bespoke car and so we aren't able to rely on the normal trade guides for a fair valuation. She was more persuaded by the engineer's report provided by Mr H, as it was extensive in nature, was based on a full physical inspection of the car and included a vast amount of market research.

She recommended QIC should increase the value of the car in line with the valuation Mr H's engineer had given, but said they could rely on the definition of 'Market value' as defined in

their terms and conditions:

Market value – *the cost of replacing your vehicle with another of a similar make, model, age, mileage and condition as at the time of the loss or damage, up to the value stated in your policy schedule.*

The value stated in Mr H's policy schedule is £50,000. So, the investigator said QIC didn't have to settle the claim for more than this amount. Her recommendations were:

- QIC should pay Mr H the difference between the £29,750 it had already paid and the £50,000 limit in the schedule. Adding 8% simple interest until full settlement.
- Pay Mr H £250 for the distress and inconvenience caused to him in having to arrange his own valuation report.

Neither party agreed with the investigator's findings.

Mr H believed he had a market value policy and as such should be entitled to the full market value for his car. He also put forward an argument for needing to pay his representative. As well as him being entitled to reimbursement of what he'd paid to get his own engineer's report.

QIC felt that Mr H's engineer's report couldn't be considered independent as he had paid for it. And felt their engineer was better equipped to make an assessment on the value of the car.

The matter has been passed to me to decide. Before reaching my decision, I informed QIC that I also intended to uphold Mr H's complaint but that I was likely to change the redress and gave them an opportunity to change their offer or give me any comments. QIC did answer me but didn't provide any new information, but just repeated their engineer's original findings.

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.

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

Having read and considered the whole file, I'll be upholding this complaint. I'll explain why, but in doing so I'll keep my comments to what I think is relevant. If I don't comment on a specific point, it's not because I haven't considered it but because I don't think I need to comment on it in order to reach the right outcome.

Engineers reports and valuation

My role here is not to place a value on Mr H's car but to decide if the value QIC has reached is fair. The usual approach to cases like this one is for the insurer to use a range of trade guides to find the market value of a car. However, in Mr H's case that's not possible as his car is rare and bespoke so sales of this type of car are few and far between, meaning the guides do not return a value for it. So, the value has to be decided on the basis of engineer's reports and market research in the form of most recent sales and current adverts.

Both QIC and Mr H have provided engineer's reports, QIC has argued that the engineers report provided by the consumer cannot be considered independent, as the consumer's chosen to be represented on a risk and reward basis. However, I disagree, the consumer may have chosen to be represented and to pay for that representation but that does not call into question the independence of the engineer's report, which was paid for separately by Mr H and is separate in nature to any risk and reward agreement between the consumer and his representative. And conversely if I accept QIC's argument then I would have to accept that their engineer is equally not independent as they have paid for his opinion. So, I think this is a moot point and I accept the independence of both engineer's reports.

QIC has also argued that its engineer is better equipped to make an assessment. From what I can see both engineers are comparative in terms of qualifications and background, but my role here is not to decide who has the "best" engineer, but to decide which report I find to be more persuasive.

In this case, I find the report provided by Mr H's engineer to be more persuasive – I say this because the report is extensive in its research of the spec and quality of vehicle pre – accident. There is also evidence provided in the form of receipts showing the work Mr H's had done upgrading the vehicle.

QIC maintain there was pre accident wear and tear to the inside of the vehicle but everything I have seen suggests the car has been lovingly cared for and has been the consumer's "pride and joy", so I'm persuaded it was looked after and, in the condition, described in the report. I also have to consider the time the car was in QIC's care but left to the elements as this may well have impacted the condition of the interior.

There are photo's pre accident and even at the scene of the accident that show the vehicle to have been in good condition – barring the paint defect, these photos all contradict QIC's own engineer's report. The report does concede that the paintwork needs restoring and makes a deduction of £10,000 for this in the overall valuation of £60,000.

Mr H's report does look at adverts across the market and the valuation it places on the car falls somewhere in the mid-range of those adverts. QIC say many of the adverts are for cars that are in pristine condition and so should be discounted. But as I've already explained I've accepted the findings of the report in terms of pre-accident condition, so I think its fair to use the adverts.

In summary I find the report provided by Mr H's engineer to be clear, fair and persuasive. So, it follows I think QIC need to increase the valuation of the car in line with it to £60,000.

As the reports Mr H provided have resulted in an increase in the value of the car, I also think QIC need to reimburse Mr H the £550 he paid for them.

Policy limitation

The policy is a market Value policy – this is the most common type of policy in the marketplace. Most insurers have similar policy wording for this in that they will pay the market value of the car immediately prior to the loss. In QIC's case they say they will pay the market value up to the value stated in the policy schedule, in this case £50,000.

This is unusual for a market value a policy and is a term that can only ever benefit the insurer, so I consider it to be unfair as it strikes an imbalance between the parties.

QIC has been made aware of our stance on this term previously and so it shouldn't come as any surprise that I'm saying they can't rely on it here. And so, they need to pay the full market value of £60,000 to Mr H in settlement of his claim, minus any interim payment they have already made towards this.

Distress and inconvenience

Mr H would like the cost of his representation to be covered. However, this service does not pay for consumer's having representation, this is a choice made by some consumers. But it is not necessary to have a representative in order to bring a complaint to this service to be considered.

Having said that I do recognise that the overall service provided isn't what I'd expect, and I think QIC could have done more to help move things forward more smoothly for Mr H. for example the market researcher they did to determine the value of the car was limited and I think they could have gone further with this without putting Mr H to the inconvenience of having to arrange his own engineer to inspect the vehicle and carry out the research. I think QIC should pay £250 for this.

Putting things right

QIC should now:

- Pay MR H the full market value of £60,000 for the vehicle minus any excess and any interim payment it has already made. QIC will need to pay 8% simple interest on the residue amount from the time of the claim until the date of payment.
- Pay Mr H £550 for the reports he provided plus 8% simple interest from the time he paid for the reports until QIC make the payment.
- Pay £250 for the inconvenience and poor service

†Her Majesty's Revenue & Customs may require that QIC deduct tax from the interest paid to Mr H. If it does and Mr H requests it, QIC must provide him with a certificate showing how much tax it has taken off, so he may reclaim it if appropriate.

My final decision

For the reasons set out above, my final decision is that I uphold Mr H's complaint about QIC Europe Limited and now require it to carry out the actions as set out under the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 January 2023.



Amber Mortimer
Ombudsman