



<u>Decision Ref:</u>	2021-0395
<u>Sector:</u>	Insurance
<u>Product / Service:</u>	Car
<u>Conduct(s) complained of:</u>	Disagreement regarding Pre-accident value provided
<u>Outcome:</u>	Substantially upheld

**LEGALLY BINDING DECISION
OF THE FINANCIAL SERVICES AND PENSIONS OMBUDSMAN**

The Complainant holds a motor insurance policy with the Provider. During **October 2019**, the Complainant's vehicle was involved in a collision and a claim was subsequently made under the motor insurance policy. The Complainant is dissatisfied with the level of service received regarding the Provider's vehicle valuation and complaints handling processes.

The Complainant's Case

The Complainant explains that his complaint arises from the write-off of a car on **24 October 2019** and the subsequent correspondence regarding the valuation of the car. The Complainant says that there was a failure on the part of the Provider "to provide answers to, what I felt were, reasonable inquiries without making any effort to address the substance of my complaints." The Complainant further advises that:

"While the disagreement arises from the process of the valuation of a car for compensation purposes, the purported valuation itself is not (necessarily) the subject matter of the complaint but rather the lack of communication and transparency in the process of arriving at the valuation."

The Complainant says that the Provider gave a valuation for a car arising from a claim (and then provided a subsequent revised higher valuation) but despite repeated requests, gave no explanation (except in the most vague, general and inconsistent terms) as to how the valuations were arrived at.

The Complainant says the first valuation was apparently extrapolated from three comparable cars but the formula applied to arrive at a particular sum has never been provided. In particular, the Complainant says, the subcontracted engineering firm first in touch with him were *"indifferent and dismissive to the point of rudeness."* In respect of the second valuation, the Complainant says this appears to have no relation to the comparable cars and its basis is a mystery and has never been clarified. The Complainant suggests that it seems to have been an emollient to compensate for the poor service by the engineering subcontractor. The Complainant says the Provider's Final Response letter merely repeats *ad nauseam* that they *'are satisfied with our valuation and the above response'*.

The Complainant says that based on the three comparable cars considered by the Provider, he, in turn, provided detailed calculations as to alternative valuations by way of a spreadsheet, prices from the manufacturer's website, depreciation etc. The Complainant says these figures were not accepted by the Provider and despite repeated requests for an explanation as to where these figures erred, no explanation was ever given. The Complainant says he is unsure that his submission was ever considered because at two points, the Provider's engineer in seeking to explain the valuation is quoted as saying:

- (a) that depreciation had to be taken into account thereby indicating that he believed it had not already been addressed. Yet, the Complainant says, he had clearly done that very thing in his submissions. The Complainant says not only had he factored in depreciation, he had drawn attention to the figures and asked for views as to where they might be wrong; and
- (b) that *'we use ... correspondence from vehicle owner and any extras ...'*. The Complainant says this was stated in circumstances where no reference or acknowledgement was made with regard to his submissions and no instance or example of his submission being used in the purported valuation.

As it became clear that the Complainant was not going to receive the requested explanations, the Complainant says he indicated that he wished to make a complaint to the Provider's Complaints Department. The Complainant says he enquired as to the process and the supply of documents but received a letter from the Provider *"essentially closing down communications, ignoring my request to make a complaint and telling me that I 'may avail of the service of' the FSPO."* The Complainant says that further correspondence revealed that *"my complaint had been opened and closed by [the Provider] before I had actually submitted it."* The Complainant says that this seems to be an abuse of process and a failure to consider a complaint seriously.

The Complainant says that as the net point of difference between the two valuations was a matter of a few thousand euro, he suggested to the Provider that a partial settlement based on the initial offer point would reduce any dispute to a minimal amount.

The Complainant says the Provider's response was that:

"We do not make settlement on a piecemeal basis. We are satisfied with our offer and are not prepared to change our stance on the matter."

The Complainant says that as he has been out of pocket for a number of months, this approach seems to seek to exercise a degree of financial coercion in order to force an unfavourable settlement on the Provider's terms (given that an ordinary individual would not have the resources of a large organisation and would be inconvenienced by an ongoing loss of transport).

The Provider's Case

The Provider says that the Complainant holds a motor insurance policy with an inception date of **15 January 2018**. The Provider says a permanent vehicle substitution took place on **12 June 2018** with a vehicle value of €30,000. The Provider has also set out the following timeline of events:

- | | |
|-------------------------|---|
| 24 October 2019 | The Complainant was involved in a road traffic accident |
| 25 October 2019 | A claim was reported to the Provider and an engineer was appointed |
| 6 November 2019 | Engineer advised that the vehicle would be available for inspection from 8 November 2019 |
| 13 November 2019 | Engineer's report sent to valuation team |
| 2 December 2019 | Valuation file returned to the Provider as the Engineer was unable to agree a valuation with the Complainant and a Claims Handler then engaged with the Complainant |
| 12 December 2019 | Offer letter sent to the Complainant |
| 19 December 2019 | Policy renewed online |
| 13 January 2020 | Letter from the Complainant recorded as a complaint |
| 30 January 2020 | Final Response letter issued to the Complainant |
| 5 February 2020 | The Complainant challenged the complaint response and the complaint was reopened |
| 10 February 2020 | Complaint response letter issued to the Complainant |

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The Provider says the Complainant's policy states that the payment in respect of claim valuation is based on the market value at the time of loss and that it will not exceed the value that was declared to the Provider. The Provider says this is set out in the Complainant's policy and a link to the policy wording was sent to the Complainant when the policy was incepted.

The Provider says that the initial valuation for the insured vehicle was based on the engineer's inspection of the vehicle and was in the amount of €25,000. The Provider says an increased offer of €27,800 was made following a re-review of the case by the Provider's in-house engineer in an effort to settle the claim. The Provider says its in-house engineer discussed the case with a main dealer in **January 2020**, who advised a value of €25,000/€26,000 at the time of loss.

The Provider says it came to its valuation by reference to the engineer's report which reviewed the specific condition of the vehicle at the time of the accident along with further detailed information from its in-house motor engineer explaining the process in the valuation of vehicles. The Provider says it believes that its offer was fair and took all relevant factors into account.

The Provider says the appeals process was managed by asking the Complainant to send his examples which were then referred to the in-house engineer and once they were not accepted, the matter was reviewed through the Provider's complaints process.

In respect of the Complainant's position that he had yet to raise a complaint when he received a Final Response letter dated **30 January 2020**, the Provider refers to an email from the Complainant dated **27 January 2020**, and cites the following passage: *"I will therefore take the opportunity to raise a complaint as you have kindly offered."* The Provider says it believes its Claims Team reviewed the file and issued the letter on **30 January 2020** in line with section 10 of the **Consumer Protection Code 2012**.

In respect of the Complainant's concerns that his submissions were not taken into consideration, the Provider says that these factors were considered. The Provider says that its engineer had discussed the case with a main dealer.

The Provider says that at all times every effort was made to reach a resolution of this case. An interim payment was made in **February 2020** once it became apparent that the dispute could not be resolved directly with the Complainant. The Provider submits that its offer of €27,800 was reasonable.

The Complaints for Adjudication

The complaints are that the Provider:

offered an unreasonable or unfair valuation in respect of the Complainant's vehicle;

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failed to engage with the Complainant in respect of the valuation process; and
failed to properly handle the Complainant's formal complaint.

Decision

During the investigation of this complaint by this Office, the Provider was requested to supply its written response to the complaint and to supply all relevant documents and information. The Provider responded in writing to the complaint and supplied a number of items in evidence. The Complainant was given the opportunity to see the Provider's response and the evidence supplied by the Provider. A full exchange of documentation and evidence took place between the parties.

In arriving at my Legally Binding Decision, I have carefully considered the evidence and submissions put forward by the parties to the complaint.

Having reviewed and considered the submissions made by the parties to this complaint, I am satisfied that the submissions and evidence furnished did not disclose a conflict of fact such as would require the holding of an Oral Hearing to resolve any such conflict. I am also satisfied that the submissions and evidence furnished were sufficient to enable a Legally Binding Decision to be made in this complaint without the necessity for holding an Oral Hearing.

A Preliminary Decision was issued to the parties on 8 October 2021, outlining my preliminary determination in relation to the complaint. The parties were advised on that date, that certain limited submissions could then be made within a period of 15 working days, and in the absence of such submissions from either or both of the parties, within that period, a Legally Binding Decision would be issued to the parties, on the same terms as the Preliminary Decision, in order to conclude the matter.

In the absence of additional submissions from the parties, within the period permitted, I set out below my final determination.

During **October 2019**, the insured vehicle was involved in collision and sustained certain damage. Following notification of a claim to the Provider, the vehicle was subsequently inspected on **8 November 2019**, with a report being prepared on **13 November 2019**.

There appears to have been some communication between the Provider's Valuation Team and the Complainant following this report with a view to agreeing a valuation in respect of the insured vehicle. However, the parties were unable to reach agreement. It appears that at this juncture, the Provider was offering a valuation of between €25,000 and €26,000.

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The first of the emails provided by the parties appear to begin with an email from the Provider's Valuation Team to the Complainant on **26 November 2019**, which states as follows:

"Why we relate the 4WD drive example is simply because this would not be your car. To highlight even further the power output is 150 BHP yours is 116 bhp you have 1.6 engine and the example sent in is also a 2.0 litre engine so not the same car".

It appears that the Complainant responded to this email on **27 November 2019**, as follows:

"Many thanks for that ..., most useful indeed. And I'll reply on the car/price comparisons shortly.

I thank you for reminding me of the difference between my offered comparator and my vehicle. But as I've already said I recognise and accept these differences. On the other hand I have not heard from [the Provider] whether or not it reciprocates in acknowledging the considerable additional specifications on my car. I would have thought the same rules applied to both of us but despite a number of requests I have no response from [the Provider] on these additional specifications. I would appreciate one please.

I also asked for a explanation as to the valuation process and how [the Provider's] engineer was able to move from €25,000 to €26,000. For that matter I should like to understand how the original offer of €25,000 was arrived at? I imagine some discount was applied to a sample of comparable cars? Can you clarify this for me please; that is to say, how many cars across what parameters and using what formula to discount?

I also offered to hire an independent person to value the car to balance your engineer's assessment but you have not replied to that. How do you wish to progress on that?

As I say, I shall return to you presently on the car ads you very kindly supplied to me, perhaps in the meantime you might be able to answer the above queries as it would be most useful in informing my final position."

Responding the same day, the Valuation Team explained that:

"The value has been based on like for like cars.

Thanking in to account the years the klms options etc.

We can also speak to dealers of the adverts that we find, to ask what the straight deal for that car would be.

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If you reject the valuation you can appoint your own Engineer to assess the value of your car (at own expense) and the claims team will review his or her findings.

I would also ask at this point what your expectation are.

Note I have also left a message on your phone, so that I could go through this with yourself."

Later the same afternoon, the Complainant emailed the Valuation Team, as follows:

"I don't think you're reading my emails.

I asked in writing that we communicate by email precisely because I feel we are having problems achieving clarity and yet you telephone me?

I already offered to hire my own engineer and yet you tell me I can appoint my own engineer? To be precise you said I could do so if rejecting your offer. In fact, it's a free country and I can do it whether I accept or reject your offer, or as I have actually done, not offered a view at this time.

You ask for a copy of my engineer's report (when prepared) and yet despite requests for your engineer's assessment I do not get one?

I have made every attempt to directly address your queries but I have not received the same courtesy. Your explanation as to how the valuation is calculated is not at all informative. Essentially, you're saying that there is no formal process or protocol and that it's a guess based on looking a few ads that [the Provider] says are for like-for-like cars. Yet when I gave you a car ad which was as proximate as any of your comparisons you say it's not like-for-like.

I still have had no observations concerning the specifications on my car, not even an acknowledgement that it has high specifications never mind a like-for-like comparison and this despite the fact that you assert like-for-like is the basis of valuation?

You ask my expectations and I will give you a straight answer - something I have not received from [the Provider]. I expect a fair settlement reflective of the price I paid for it in late June 2019, some four months before the accident. That would be in the region of €30,000.00.

As I said in my earlier email, and I regret the need to repeat myself, I shall email you presently on the so-called "like-for-like" ads you provided."

The Valuation Team again offered to telephone the Complainant on **27 November 2019** to discuss matters.

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The next communication between the parties appears to have been on **1 December 2019**. The Complainant emailed the Provider in respect of the valuation of the insured vehicle, as follows:

"I am returning to you with the like-for-like analysis as between my vehicle and the three cars proffered by you as being comparable. I attach a spreadsheet setting out these comparisons in some detail. There are issues of principle, equity and fairness at play for me here. To date [the Provider] has not been just or equitable in the assessments provided.

You will note that the car closest in specifications to my car is the [Dealership 1] car on sale at €31,500.00. Firstly, let me state that I understand that this car is 2019 and I understand that it has far fewer kilometres on the clock. I understand too that these naturally lead to a higher valuation of it when compared to my car with its higher kilometres and greater age (2018).

If we agree that these factors make a difference in the valuation then we need to discount the [Dealership 1] car to allow for those differences that negatively affect the valuation of my car. I propose discounting the [Dealership 1] sale price of €31,500 by, say, €2,000.00 to allow for the year and the kilometres. If my discounting is in some way incorrect please be aware that I have asked on a number of occasions for your discounting protocols but have not received them; this consequently is an estimate on my part. It gives us an estimated value of €29,500 on a like-for-like basis as it relates, specifically, to year and kilometres.

If we agree that differentiating factors give rise to different valuations we must then, in the interests of parity of treatment, take into account the other factors pertaining to my car which make it different from the [Dealership 1] car. I refer (again) to the higher specifications on my car; these are set out in the attached spreadsheet and I have costed the extra specifications that appear on my car and that do not appear on the [Dealership 1] car listing. These prices have been taken directly from the [car make] Ireland website. The total value of the extra specifications adds up to €4,369.00. Allowing for the fact that my car is 2018 and that some depreciation should apply to this sum I will work with a round figure of €4,000 as a value for these specifications.

To arrive at a like-for-like value for my car based on the €29,500 (see above for depreciated estimate of [Dealership 1] car) and the €4,000 additional specifications we get an estimated valuation of €33,500.00 for my car.

If I have significantly erred anywhere in these calculations please advise me.

I would now like to turn to the car least like my own in specifications, the [Dealership 2] car, a 2018 model valued at €27,000 and with 34,999km on the odometer. Given that these are diesel cars the difference in kilometres is of negligible impact and unless you have some formula to address it I propose to ignore it.

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Immediately obvious is that this car, with almost none of the specifications I have set out to you, is valued at €27,000, that is €1,000 in excess of your last offer. That said, it was [the Provider] that advised that a like-for-like comparison was the basis for assessing value and if that is the case then, once again, the additional value of the higher specifications in my car are to be fairly allowed for that like-for-like purpose. As I said above: -

“The total value of the extra specifications adds up to €4,369.00. Allowing for the fact that my car is 2018 and that some depreciation should apply to this sum I will work with a round figure of €4,000 as a value for these specifications”.

Adding this sum of €4,000.00 to the €27,000.00 of the [Dealership 2] car and we get an estimated valuation for my car of €31,000.00.

Once again I ask that if I have significantly erred anywhere in these calculations please advise me.

You will appreciate that I have performed these assessments based on [the Provider’s] like-for-like methodology and ignorant of any details that might apply by way of established protocols in [the Provider]. If there are any errors of principle I would ask you to kindly set them out for me please.

Failing that I look forward to your final offer in settlement somewhere between €31,000.00 and €33,500.00. I am aware that I had suggested €30,000.00 in an earlier email but that was before I costed the additional specifications.”

The spreadsheet attached to this email appears to contain a table comprising the insured vehicle and three comparator vehicles. This table sets out details regarding each of the vehicles together with an extensive list of vehicle specifications.

Responding to this email, the Valuation Team advised the Complainant on **2 December 2019**, as follows:

“We consider (sic) your email and I am afraid that we cannot concur with your assessment on the valuation on your Car.

We can get no where your minimum expectations of €31000 and we would certainly not agree with €2000 euro difference for the year and mileage.

I would have no other option that (sic) to return your claim to our head office, having already spoke to senior engineer as well.

They will discuss with yourself.

As we are nowhere near your minimum expectation”.

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The Complainant responded to the Valuation Team on **3 December 2019**, noting the absence of an explanation in respect of the position on the vehicle's valuation, as follows:

"Thank you for that ... - but once again you have not explained your position.

For my part I have attempted to be as transparent as I can be. I have provided a detailed like-for-like analysis as per [the Provider's], apparent, process. I have acknowledged both the merits of other vehicles and the relative (de)merits of my own. I have listed the higher specifications. I have provided official [Dealer] pricing for these. I have asked you to explain to me where these calculations are wrong. You have not done this but rejected my assessments out of hand with no explanation as to why.

You reject the €2,000 estimated depreciation (I presume of the [Dealership 1] car?) but don't say what depreciation should apply. You make no reference at all to the, basic, €27,000 car which is already valued more than [the Provider's] offer and yet with lower specifications than my car; consequently I have no idea what views [the Provider] holds on that.

It is as if you gave my proposals no consideration whatsoever? This failure to provide any specificity makes meaningful communication well nigh impossible. This is simply not good enough and is highly dismissive not to say disrespectful. At this stage I must profess my disappointment and disillusionment with the manner with which I've been treated - this is in stark contrast to the extraordinary assistance I received from [the Provider] in the immediate aftermath of the accident.

Please do refer the matter to whomever you must in order that I might engage realistically.

In doing so, and this is one final request for clarity, please confirm that our correspondence will be forwarded with the referral to your Head Office."

In response to this email, the Valuation Team suggested that the parties discuss the Complainant's questions via telephone, advising that:

"If you call I will go through your questions.

But as I have already explained I cannot increase value to expectation. There is no justification.

Or if you prefer I will call yourself".

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Responding to the invitation for a telephone call, the Complainant stated in an email on **4 December 2019** that:

“Once again you ask me to call you and once again I say (for I think the third time) that I want a written record of our communications.

You say “as I have already explained” - but I have had no explanations from you at all just blanket assertions such as “There is no justification”. And indeed there is a degree to which this is correct - there was no justification provided for [the Provider’s] position.

You say that, if I call, “I will go through your questions” - well surely if you can go through them on the telephone you can put them in writing?

Failing that would you please send my file onto somebody who may have sufficient authority to actively address my queries with some sort of rational and logical response. I fear that you and I have reached the end of road and there is no prospect of an agreement.”

A telephone conversation took place between the Complainant and one of the Provider’s Claims Handlers on **9 December 2019**. Following this conversation, the Complainant forwarded the above email correspondence to the Claims Handler. The email correspondence appears to have been forwarded by the Claims Handler to the Provider’s In-House Engineer on **10 December 2019**, with the following comments and queried whether there should be an increase in the vehicle valuation:

“Please see below forwarded by our PH [Policyholder] in this instance.

Our PH is still to send in his examples for review but I thought I would send his correspondence with [the Valuation Team] and our ER to you for review in advance.

... Our PH here advises that he requested written communication with [the Valuation Team] early on because he felt like he was being ‘talked at’.

Regarding the PAV, [the Valuation Team] advised that our client had unrealistic expectations of €31k. I have spoken with the PH and pointed out that he has a total sum insured of €30,000 and he has acknowledged same in his emails below.

Please advise of any prima facia increase on the Pav. I will send on the examples once received from the PH.”

The Claims Handler forwarded the spreadsheet previously supplied by the Complainant to the In-House Engineer on **11 December 2019**. Shortly after this, the In-House Engineer emailed the Claims Handler with the following remarks:

“I have spoken both to ETWB and the inspecting Engineer [name]

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*VMS is showing a value of €25500
Taking into account correspondence, mileage and extras
PAV €27800
I would suggest after this that the ph instructs their own Engineer”*

In respect of the VMS value referred to in above email, I note that this is a valuation derived from an online vehicle valuation system.

The Provider has furnished a copy of a valuation report dated **10 December 2019** in respect of the insured vehicle. In this report, a valuation of €25,500 is recorded in respect of the insured vehicle and notes that 5 examples of similar vehicles were used in this process – the sources of the 5 example vehicles are also provided.

In the ‘Comments’ section of the report, it states that:

“PASSENGER VEHICLE Valuation based on similar 2018 vehicles currently for sale. This vehicle’s milage / kilometres, nct Status, Engine Size, Fuel, and Transmission Type have all been taken into consideration and the price has been adjusted accordingly.”

The Claims Handler telephoned the Complainant on **12 December 2020** to advise that he had sent the Complainant’s correspondence and spreadsheet to the Valuation Team and the In-House Engineer. The Claims Handler advised the Complainant that the In-House Engineer revised the pre-accident value up *a bit* but not to the full extent the Complainant might have hoped. The Claims Handler stated that the basic value of the vehicle without any extras was €25,500 and that the Provider was willing to offer €27,800 in respect of the vehicle which the Claims Handler said was felt to be a fair price. The Complainant told the Claims Handler that he would consider this and proceeded to explain to the Claims Handler that part of the problem was that the Valuation Team would not explain their rationale or process for valuation. The Complainant asked if there was any way the Claims Handler could do this. While advising the Complainant that it was not strictly his department, the Claims Handler explained that there was certain software involved with certain examples being used and then different car models and specifications being imputed, and a valuation is derived. The Claims Handler further explained that a *human eye* was also involved and referred to the In-House Engineer and his role.

The Provider forwarded an Offer Letter to the Complainant on **12 December 2019** in respect of his claim. This letter states, as follows:

“Upon inspection, the nominated engineer has deemed this vehicle as a Beyond Economic Repair and our offer as a detailed below.

<i>Pre-Accident Value:</i>	<i>€27,800.00</i>
<i>* Less Salvage:</i>	<i>€3,800.00</i>
<i>Less Policy Excess:</i>	<i>€300.00</i>
<i>Total Amount Offered:</i>	<i>€23,700.00”</i>

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In response to the Provider's settlement offer, the Complainant wrote to the Provider by email on **23 December 2019**, as follows:

"I appreciate the increase in the offer enclosed with the recent letter from [the Provider], and at first blush it seemed to me that this was a significant improvement on the original €25,000, however, (there's always a "but"), on reflection it appeared to me that the largesse was relative to the very poor and unrealistic base from which we started; and as you'll know from our conversations, nowhere near what I believed to be a fair and equitable value for the car.

In addition, and this is something I'd really appreciate having addressed, nobody has yet rebutted any of the points I made in my email and spreadsheet to your Valuation colleagues (in which I itemised the differences between and amongst the comparable cars proffered by [the Provider] as a basis for the original offer). I have not heard where or how these calculations might err and I'm keen to get some observations on these before we proceed much further. As I mentioned, these were [Provider's] "comparable cars" and all I did was bring a degree of specificity to the comparison. Do you think somebody could do this for me please? It would be greatly in ease of my position in making a decision to have this clarified."

The Claims Handler responded to the Complainant on **10 January 2020**, as follows:

"To address your email, I have gone back to our chief in-house Engineer for clarification. He advises that, as the vehicle is depreciating, the extras attached to the vehicle depreciate also. Unfortunately, this may not be the answer you were seeking but my Engineer assures me that he reviewed your spreadsheet and took all of the extras into account, along with the Independent Engineer's report ... and the valuation report from [the Valuation Team], when coming to the revised Pre-Accident Valuation of €27,800.00.

I'm afraid that I have exhausted all avenues open to me at present, as far as our internal procedures will allow, in respect of seeking further increases on the Pre-Accident value. I'm sorry that we couldn't come to an arrangement to date whereby all parties are happy with the valuation.

I'm obliged to offer you the option of raising a complaint, in respect of this process, which will be forwarded to our complaints team for review. On completion of that review, you will be contacted via a resolution letter whereby your points of concern will be addressed. Please advise if you would like to do so and I will commence this process for you.

Alternatively, you do have the recourse to legal advice or the option to commission your own Independent Engineer's report in support of your valuation. I must caution that, unless your Independent Report is significantly at odds with our own valuation, the commissioning of this report will be at your own expense.

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I will be happy to discuss this further should you have any further questions. As we have a busy team line, it may be best to email me and request a call back should you like to discuss this or any other aspects of your claim."

The Complainant responded to this email on **13 January 2020**, setting out his position, as follows:

"I appreciate that we seem to have exhausted [the Provider's] internal processes so before we take the next steps (which will inexorably lead to considerable additional expense) I should like to make a couple of final points.

1. You mention that the "chief in-house Engineer... advises that, as the vehicle is depreciating, the extras attached to the vehicle depreciate also". I am puzzled as to how he could have considered my spreadsheet and failed to note that I had already made that point myself. A reading of my submissions will show that I factored in a sum for the depreciation of the extras and I specifically asked, in the attached correspondence, for any explanation which might show an error in my part in that calculation. I have not received any such explanation. It might appear from his stated position that he has either not actually read my submissions or has failed to understand them, neither of which would inspire confidence. Accordingly, it is hard to accept his final position as having arrived from a considered process. What explanations I have had are in the most vague of terms, and in this instance marked by an erroneous reference to an issue I had already addressed. If one was of a narrow view, one might suspect that this is all a bit of bother for, what one imagines is, a very busy person.

...

Please note that I am not saying that [the Provider's] last offer is unreasonable - I am saying that [the Provider] has failed and refused to provide a proper explanation to me as to the calculation of the value of the car, and that in the face of my non-rebutted submissions, I cannot fairly be asked to form a final view on the offer. I lack the information; [the Provider] has that information but will not share it.

I have absolutely no desire to go down this route; it'll take months if not years, cost everyone money, and court issues never play out the way one might expect. So let us make one final effort at a reasonable outcome (perhaps you might consult with [the Provider's] Legal Advisors) and please provide me with a considered and substantive reply to my submissions and calculations (and not the dismissal of what seems to be the Chief Engineer's approach). I am not so wedded to my position that I will refuse that offer if I am provided with a rational, logical deconstruction of my costings.

I look forward to hearing from you and, hopefully, closing this matter out in early course.

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It hardly needs to be stated but I have been without a car, and at a considerable personal and familial inconvenience, since the start of November. I should also say that I intend to rely on these correspondences with [the Provider] should we find ourselves in court.

Thank you for the opportunity to raise the matter with [the Provider's] complaint team. I won't take that up at this time but may do so at a later stage. In the event that I do go down that road please be reassured it will reflect organisational and systemic issues."

Following this, the Claims Handler forwarded the In-House Engineer's comments to the Complainant on **24 January 2020**:

"I have consulted with our Head in House Engineer, ... in relation this and have brought your concerns to his attention. He has provided me with the below in the course of our internal communications;

Hi [Claims Handler]

When valuing vehicles there is a multiple of sources and research we use.

We also take into account the vehicle age, Tax and mileage with input from the Inspecting Engineers on condition.

Correspondence from vehicle owner and any extras, service history etc.

There is various software valuation tools the likes of Cartell, motocheck or VMS also.

As well as publications like Carzone, Carsireland and donedeal etc

We would also use main dealers and motor trade experience and Revenue VRT site.

There is no exact science on this and all you can [do] is research as much information as you can to be reasonable and fair

Regards

In person, [the In-House Engineer] has advised me that, as per above, there is a certain amount of human input into the valuation process, as the valuation is malleable, given that different buyers and sellers have different appetites and criteria. Although the value of any item is intrinsically subjective, all we can do is make an offer which we believe is objectively fair and reflects the market value of your vehicle.

[The In-House Engineer] has been privy to your emails and research throughout this process and, in this instance, we believe that our offer is fair and would stand up to objective scrutiny if required.

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I'm sorry I can't provide more detail for you as I have passed on all the answers available to me. I hope this email provides some assurance that we have taken given your correspondence, and queries, due regard and consideration and this is not a case of 'computer says no'."

The Complainant responded to the Provider on **27 January 2020**, as follows:

"Many thanks for that reply and for going to bat once more to seek additional clarification for me - much appreciated.

Alas the reply from [the In-House Engineer] is just some additional verbiage that expands the explanation as to valuation not a jot - it just uses more words to say the same thing leaving me little wiser than before. Furthermore there is a self evident misstatement therein where he says "we use ... correspondence from vehicle owner and any extras ...". It was clear from previous correspondence that my figures as to extras and their depreciation had not actually been considered.

I will therefore take the opportunity to raise a complaint as you have kindly offered. What I propose to do is formulate the complaint into a concise, net point and I'll email that to you separately. Obviously that will rely on the exchanges to date - will you be able to furnish them to your complaints' team or would it be better for me to send them on as enclosures/attachments? While I'm sanguine as to the prospects for a positive outcome I understand that this step is necessary before I can bring a complaint forward to the Financial Services Ombudsman."

It appears that the Claims Handler forwarded this email to a Senior Claims Handler on **27 January 2020**. The Provider's Claims Department appears to have treated the Complainant's email as a complaint. On **29 January 2020**, one of the Provider's staff members emailed the In-House Engineer, as follows:

"We have a complaint in on this case. See email trail below. Have we reached out max on this? Any comments?"

The In-House Engineer responded to this email on **29 January 2020**, as follows:

*"All good
I think at this stage and
Given the correspondence best if they appoint their own engineer for their opinion
This will give them a second opinion on valuation"*

In a further email from the In-House Engineer on **30 January 2020**, the In-House Engineer stated:

*"In an effort for further research I have contacted a [car make] main Dealer
New the Vehicle is €38000 and a Pack of extra of €1500
I spoke with [dealership] in [location]
He advised of a value of €25000 to €28000*

/Cont'd...

I asked given the DOL what he taught [sic] the value would be and he advised up to €27000."

In response to this, the Provider's staff member stated, the same day: *"Our offer of 27.8k seems fair so. Are you satisfied enough with all our dealings on this?"* The In-House Engineer replied saying that the *"offer is fair and reasonable."*

By letter dated **30 January 2020**, a Senior Liability Claims Handler wrote to the Complainant, as follows:

"I refer to the above and confirm your correspondence addressed to my colleague [the Claims Handler] has been passed to me for my attention.

I understand your concerns with [the Provider] to be in relation to the pre-accident value placed on your vehicle.

I have now completed a thorough review of all aspects of this case and the matters raised by you.

I have liaised with the Evaluations Team and our chief in-house engineer on this matter for you personally. Our in-house Engineer has again carried out further research taking on board your strong views on the matter. He has reverted to advise that he is satisfied with the pre-accident value furnished in the sum of €27,800.00. He remained of the opinion that the valuation of your vehicle is fair and reasonable.

Unfortunately, it is clear an agreement cannot be reached and as matters stand we cannot progress matters any further. As per our letter to your dated 25th October 2019 it is open for you to retain your own Motor Engineer at your own expense for an independent review and a second opinion. We can consider his findings further if you chose to take this course of action.

I trust you may not find this response satisfactory but for reasons already outlined we cannot resolve this issue for you at this juncture.

We confirm, you may avail of the services of the Financial Services and Pensions Ombudsman ..."

A further valuation report appears to have been generated on **30 January 2020** in respect of the insured vehicle. In this report, the valuation for the vehicle was €26,468. The following commentary is contained at the end of this report:

"General expected discount

A General Expected Discount is what we feel is a fair and reasonable discount that can easily be achieved from the advertised price of a vehicle.

/Cont'd...

These costings have been configured through many years of research involving Independent and Franchise Motor Dealers, Dealer Management Systems, Fleet Companies, Classified Advertisement Websites and our internally qualified staff, who all have had first hand experience with buying and selling vehicles in the past.

...

IMPORTANT NOTE:

This Vehicle Valuation has been independently provided by Vehicle Management System (VMS) on behalf of [the Provider]. VMS are an independent company that currently provide impartial vehicle valuations to Ireland's leading Insurance Companies Our Vehicle Valuations are based on similar vehicles currently available for sale within the Republic of Ireland Marketplace. ..."

The Complainant wrote to the Provider's Complaints Department by email on **5 February 2020** to lodge a complaint, as follows:

"I wish to formally lodge a complaint with you as regards a failure by [the Provider's] Claims' Department to provide answers to, what I felt were, reasonable inquiries and by the final dismissal of those inquiries without referral to your department despite my specific request to do so. I will break the complaint into a number of parts for ease of understanding initially but the substance of the complaints is supported by a large volume of documentation which I submitted to your colleagues by email and which I believe you will, unfortunately, need to go through.

The disagreement arises from the process of the valuation of a car for compensation purposes. The purported valuation itself is not (necessarily) the subject matter of the complaint but rather the lack of communication and transparency in the process of arriving at the valuation. My primary point of contact was [the Claims Handler] and I wish to say upfront and clearly that I have no complaint to make about [the Claims Handler]. On the contrary he was most professional, courteous and helpful throughout a convoluted correspondence and I'm sure I must have tried his patience.

The complaints are as follows: -

1. [The Provider] provided a valuation for a car arising from a claim (and then a subsequent revised valuation) but despite repeated requests gave no explanation (except in the most vague, general and inconsistent terms) as to how the two valuations were arrived at. The first was apparently extrapolated from three comparable cars but what formula was applied to arrive at a particular sum has never been provided. In particular, the subcontracted engineering firm first in touch were indifferent and dismissive to the point of rudeness. The second valuation appears to have no relation to the comparable cars and its basis is a mystery to me and has never been clarified. It seems to have been an emollient to compensate for the poor service by the engineering subcontractor.

/Cont'd...

2. Based on the three comparable cars provided by [the Provider], I, in turn, provided detailed calculations as to alternative valuations by way of spreadsheet, prices from the manufacturer's website, depreciation, etc. These figures were not accepted but despite repeated requests for an explanation as where these figures erred, no explanation was ever given.

In fact, I am unsure that my submissions were even considered because at two points [the Provider's] engineer in seeking to explain the valuation is quoted as saying: -

(a) that depreciation had to be taken into account thereby indicating that he believed it had not already been addressed. Yet I had clearly done that very thing in my submissions. Not only had I factored in depreciation, I had drawn attention to my figures and asked for views as to where they might be wrong, and

(b) that "we use ... correspondence from vehicle owner and any extras ...". This was stated in circumstances where no reference or acknowledgement was made with regard to my submissions and no instance or example of my submissions being used in the purported valuation.

3. As it became clear that I was not going to receive the explanations requested I indicated that I wished to make a complaint to your department and inquired as to process and the supply of documents. I received no reply to that inquiry but rather got a letter from [the Senior Liability Claims Handler] dated January 30th 2020 essentially closing down communications, ignoring my request to make a complaint and telling me that I "may avail of the services of" the FSPO. On this issue I wish to complain that: -

(a) my request to be put in touch with your department was ignored, and that,

(b) I was inappropriately directed to a third party agency, the FSPO. I understand from the FSPO's website that it will not take a complaint until I have exhausted your own complaints' system. This fact should be known to [the Senior Liability Claims Handler] and, instead of telling me what I may or may not do, she should have sent on my correspondence to [the Provider's] complaints' department as I had requested in writing. This premature attempt to redirect me to the FSPO would have meant the FSPO returning my complaint to pursue the process [the Senior Liability Claims Handler] sought to frustrate and had the sole effect of wasting my time, requiring me to return to yourselves to complete the process. I should point out that I am already some three months without a car and can ill afford the additional delay this misdirection would have entailed.

As I said there is a considerable volume of email correspondence exchanged in the course of arriving at this point. I am happy to furnish it to you but as it is already in the possession of [the Provider] perhaps that easiest course might be to source it there.

/Cont'd...

As I mentioned [the Claims Handler] was my main correspondent and he would be your easiest point of contact for access. If you cannot get access to the documentation for any reason please let me know and I should be happy to forward copies to you."

On **7 February 2020**, one of the Provider's Complaints Handlers emailed the Complainant regarding the re-opening of this complaint, as follows:

"We note your concerns with [the Provider] and that you are not happy with our response to your complaint.

We have re-opened your complaint and I am currently looking into this matter for you"

The Complainant responded to this email the same day advising that:

"... I didn't know that I already had an existing complaint waiting to be reopened. Nobody told me and this is the first correspondence I've had with your Complaints' Department."

Following certain internal communications regarding the Complainant's complaint, the In-House Engineer emailed the Provider's Claims Manager on **7 February 2020**, as follows:

"I had contacted a main [car make] Dealer ... in [location] According to the dealer the vehicle comes with a specific pack which is €1500 onto of (sic) the price of the new vehicle.

The dealer was able to put the reg into the [car make] system and tell exactly what the vehicle model and spec was.

New Price €38000 extra 'Pack' €1500

Having spoken to the main dealer we believe the PAV is fair and reasonable.

Included as part of our Research is that we use VMS. VMS valuations are calculated on a complex proprietary vehicle valuation system which provides valuations to the entire insurance sector in Ireland.

The VMS proprietary valuation takes many variables into consideration, from age, mileage, owner type and category, varying levels of vehicle specifications and a host of other variables.

VMS valuation calculations focuses on trying to match like for like vehicle examples currently or recently advertised for sale within the Irish marketplace and takes into consideration the number variables associated with determining the value of a vehicle.

In essence, VMS provides a fair valuation which is based on an all-Ireland market overview price indicator. If a vehicle had additional specification that is not standard, this may very well add value to the vehicle from a buyer/seller perspective, but this really depends on what the extra specification is, along with the type of vehicle and the age.

Why are dealer values different than private seller valuations?

Dealer values will vary and no individual or organisation is obliged to adhere to the current market valuation as it is a free market.

There are many variables that may prompt a dealership or trader to ask a higher price for a particular vehicle. Some variables which affects how a dealer will value a car:

- ***How old is the car?***
- *Does the vehicle have a full/partial or no service history?*
- *Has the car low or high mileage?*
- *How many owners has the car had?*
- *Is the car high-spec or standard?*
- *Has the car got its NCT?*
- *Is the car still taxed?*

Traders and main dealers may also offer a warranty and all these things combined could attract a higher price tag while the opposite can result in dramatically lower values. Motor dealers are aware of these variables and factors in their retail environment but they still utilise our car calculations as part of their business as an overview market guide.

How does car mileage affect value?

Yes, mileage is a very important factor in car valuations as low or high mileage affects the value of the car at purchase and sale, as well as in the cost of maintenance and servicing.

The average annual mileage of a car is around 20,000 kilometres (approx. 12,000 miles) so if a car has mileage of say less than 100,000 (approx. 60,000 miles) after five years it would be considered low. If it's much more, it would be classed as high.

Both buyers and sellers should be cognizant of the impact that an odometer reading can put on the true selling price of a vehicle and readjust their opinion of the value in either direction depending on the circumstances.

What can affect the value of a car?

There are many things that can affect the value of a car, such as when the car was first manufactured, how far it has been driven (mileage) etc. so getting an accurate estimate on the value of the car is very important. Bear in mind, though that each car is unique and there are many things that can affect its current market value.

Things that can increase the value of a car:

No damage: If a car is in excellent condition it will be worth more

- *Good condition: A car with just minor wear and tear and less scratches on the paintwork can be worth more*
- *Low Mileage: Obviously a car with lower mileage will increase its value*
- *Number of owners: The less owners a car has, the higher its value. The ideal is to have just one previous owner from new*
- *Optional extras: For example, rear-facing cameras, in-built sat nav, multimedia systems*
- *Desirable colour: Some colours are more popular a sought-after colour can be worth more*
- *Full service history: Having a full service record with no gaps in its service history indicates that the car has been taken care of and this can increase its value*

Things that can decrease the value of a car:

- *Damage: if the car has been damaged and has been categorised by an insurance company, this can significantly decrease its value*
- *Bad condition: Significant wear and tear can also lower the value of the car*
- *High mileage: Obviously higher mileage means lower price*
- *Parts not working: If main car parts need fixing or replacing for example, electric window don't work, central locking etc. it will have a negative impact on the car's value*

/Cont'd...

- *No NCT or TAX: If there isn't a [current NCT cert](#) or there are significant gaps in the tax history, it can reduce the value of a car.*
- *No service record: Gaps in the service history or no current MOT*
- *Lots of previous owners: More owners means more devaluation*
- *Depreciation: Remember, depreciation means devaluation”*

In response to the complaint, the Provider wrote to the Complainant on **10 February 2020**, as follows:

“I refer to your recent complaint, our complaint resolution letter dated 30th January 2020 and your response letter dated 05th February 2020.

We note your dissatisfaction with our resolution letter to your complaint. While we are satisfied with our investigation and response we have now re-opened the complaint to issue this final response as you have requested more detail on the matter

In our investigation into the pre-accident value of your vehicle, our engineer contacted a main dealer for [make of car], according to the dealer the vehicle comes with a specific pack which is €1500 onto the price of the new vehicle. The dealer was able to put the registration into the [make of car] system and tell exactly what the vehicle model and spec was. New Prices €38,000 extra ‘Pack’ €1,500. With this in mind, our engineer was satisfied with their valuation, we feel it is fair and reasonable. Our valuation remains at €27,800 (offer attached). As previously advised, you may appoint your own motor engineer, at your own expense, for an independent review.

Please see below our response to your queries raised, set in bold:

1. [The Provider] provided a valuation for a car arising from a claim (and then a subsequent revised valuation) but despite repeated requests gave no explanation (except in the most vague, general and inconsistent terms) as to how the two valuations were arrived at. The first was apparently extrapolated from three comparable cars but what formula was applied to arrive at a particular sum has never been provided. In particular, the subcontracted engineering firm first in touch were indifferent and dismissive to the point of rudeness. The second valuation appears to have no relation to the comparable cars and its basis is a mystery to me and has never been clarified. It seems to have been an emollient to compensate for the poor service by the engineering subcontractor.

We apologise that you feel our valuations team were of poor standard, we aim to provide a high level of customer service in all dealings. The negotiations process can be tough at times, and it can be difficult to reach agreement in this respect.

/Cont’d...

Our team look at the current market and the vehicles available, to try and agree a pre-accident value, this is the first process and how the team mainly operates. There are so many variables and they are experts in their fields, to summarise all elements is not easy, but below we will try to give you a synopsis:

[The Provider inserted the contents of the email from the In-House Engineer of 7 February 2020]

2. Based on the three comparable cars provided by [the Provider], I, in turn, provided detailed calculations as to alternative valuations by way of spreadsheet, prices from the manufacturer's website, depreciation, etc. These figures were not accepted but despite repeated requests for an explanation as where these figures erred, no explanation was ever given. In fact, I am unsure that my submissions were even considered because at two points [the Provider's] engineer in seeking to explain the valuation is quoted as saying:

Our engineer did review all information provided by yourself and did of course, review your spreadsheet, while not all examples could be taken into consideration given out of 3 comparisons 2 of the vehicles were 2019 registrations.

(a) that depreciation had to be taken into account thereby indicating that he believed it had not already been addressed. Yet I had clearly done that very thing in my submissions. Not only had I factored in depreciation, I had drawn attention to my figures and asked for views as to where they might be wrong, and

Our engineer has reviewed your submission in full and we are still satisfied with our valuation.

(b) that "we use ... correspondence from vehicle owner and any extras ...". This was stated in circumstances where no reference or acknowledgement was made with regard to my submissions and no instance or example of my submissions being used in the purported valuation.

Our engineer has reviewed your submission in full and we are still satisfied with our valuation.

3. As it became clear that I was not going to receive the explanations requested I indicated that I wished to make a complaint to your department and inquired as to process and the supply of documents. I received no reply to that inquiry but rather got a letter from [the Senior Liability Claims Handler] dated January 30th 2020 essentially closing down communications, ignoring my request to make a complaint and telling me that I "may avail of the services of" the FSPO. On this issue I wish to complain that: -

/Cont'd...

Please note, [the Senior Liability Claims Handler] is one of our complaints handlers and her response to your complaint dated 30th January 2020 was our resolution to your complaint, as we feel we have exhausted our internal process regarding your vehicles pre-accident value and your next steps are to appoint your own independent engineer or take your case to the Financial Services and Pensions Ombudsman.

(a) my request to be put in touch with your department was ignored, and that,

A formal complaint was raised for you and our letter dated 30th January 2020 was your response, as detailed above.

(b) I was inappropriately directed to a third party agency, the FSPO. I understand from the FSPO's website that it will not take a complaint until I have exhausted your own complaints' system. This fact should be known to [the Senior Liability Claims Handler] and, instead of telling me what I may or may not do, she should have sent on my correspondence to [the Provider's] complaints' department as I had requested in writing. This premature attempt to redirect me to the FSPO would have meant the FSPO returning my complaint to pursue the process [the Senior Liability Claims Handler] sought to frustrate and had the sole effect of wasting my time, requiring me to return to yourselves to complete the process. I should point out that I am already some three months without a car and can ill afford the additional delay this misdirection would have entailed.

As noted above, [the Senior Liability Claims Handler's] letter was our final resolution letter. Please now note, if you wish you may take this letter to the Financial Services and Pensions Ombudsman, as your final resolution, as we have exhausted our complaints process.

As I said there is a considerable volume of email correspondence exchanged in the course of arriving at this point. I am happy to furnish it to you but as it is already in the possession of [the Provider] perhaps the easiest course might be to source it there. As I mentioned [the Claims Handler] was my main correspondent and he would be your easiest point of contact for access. If you cannot get access to the documentation for any reason please let me know and I should be happy to forward copies to you."

We have reviewed all correspondence in this case and are satisfied with our valuation and the above response.

I hope you find this response satisfactory. ..."

/Cont'd...

Analysis

In respect of the valuation of the Complainant's vehicle, I note that section 3 of the Complainant's policy provides cover in respect of accidental damage to an insured vehicle. In respect of the payment of claims and the limits of payments, the Complainant's policy states, as follows:

"Clauses applicable to Sections 3 and 4

A. Payment of Claims

Subject to any rights You may have under the Replacement Vehicle Option in Paragraph C below, We may choose to repair or replace Your Car or any part of it or its Accessories or spare parts, or We may pay the amount of the loss or damage in cash. ...

B. Limits of Payment

We will pay for any claim for loss of or damage to Your Car and its Accessories and spare parts up to the market value of Your Car at the time of the loss or damage. The maximum We will pay shall not exceed the value of Your Car that was last declared to Us. ..."

The term 'Your Car' is defined in the policy as: *"The vehicle that is identified on the current Certificate of Motor Insurance"*

As Part B above states, when settling a claim, the Provider will pay for loss of or damage to the car identified on the certificate of insurance together with its accessories and spare parts, up to the market value of the vehicle as identified on the certificate of insurance. In this instance, the relevant vehicle is the Complainant's 2018 car which, from the evidence, had certain additional accessories. Therefore, it is my opinion that *"the market value of Your Car at the time of the loss or damage"*, is the market value of a vehicle equivalent to the Complainant's vehicle including the additional accessories.

The evidence is that the initial valuation derived in respect of the insured vehicle in **November 2019** was €25,000. However, no evidence has been furnished by the Provider to demonstrate that this valuation was reflective of the market value of the Complainant's vehicle. In particular, the evidence would suggest that the valuation placed on the vehicle at this time did not, in fact, reflect its additional specifications/accessories. For instance, the 'Comments' section of the valuation report dated **10 December 2019** does not show that the additional accessories on the Complainant's vehicle formed part of the valuation analysis, and while five comparator vehicles were used, the precise extent of the accessories on these vehicles are not clear nor is it clear whether any of these vehicles contained similar accessories to the Complainant's vehicle.

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Further to this, it can be seen from the In-House Engineer's comments on **11 December 2019** that he takes the value derived from this valuation report (that is, €25,500) and stating that *"Taking into account correspondence, mileage and extras"*, suggests a valuation of €27,800.

During the telephone conversation with the Complainant on **12 December 2019**, the Claims Handler informed the Complainant that the basic value of the vehicle without any extras was in the region of €25,500.

Therefore, it appears to me that the Provider's initial valuation of the Complainant's vehicle did not factor in the full extent of the accessories or specification of the Complainant's vehicle as required by the policy terms.

The valuation ultimately offered in respect of the Complainant's vehicle was €27,800. In this respect, the evidence shows that the Complainant's email correspondence with the Valuation Team beginning with the email of **26 November 2019** together with the Complainant's spreadsheet was forwarded to the In-House Engineer on **10 December 2019** for consideration. As noted above, a valuation report using a number of comparator vehicles was generated and the In-House Engineer formed a view as to a proper valuation of the vehicle. In addition to this, I note that the valuation process was explained, at a general level, to the Complainant during a telephone conversation on **12 December 2019**. Further explanations as to the valuation process were set out in emails of **10 January** and **24 January 2020**. The In-House Engineer also set out the contact made with a dealership in an email of **30 January 2020**, which indicated that a valuation of between €25,000 and €28,000 was appropriate. A further valuation report was generated on **30 January 2020**, which returned a value of €26,468. The In-House Engineer also provided a detailed explanation as to the valuation process in an email of **7 February 2020**.

Therefore, taking the above matters into consideration, I am satisfied that the valuation of €27,800 was reasonably reflective of the market value of the Complainant's vehicle.

In terms of the engagement between the parties regarding the valuation process, it appears from the evidence that from the outset of the communications between the Valuation Team and the Complainant, the Complainant sought to engage with and understand the valuation process. The email correspondence which took place between the Valuation Team and the Complainant shows that the Valuation Team attempted to explain the valuation process to the Complainant. However, on considering these communications, it is clear that the Complainant was seeking a more detailed explanation and greater level of engagement beyond that which was being offered by the Valuation Team.

In the circumstances, I believe that the information sought by the Complainant in his emails of **27 November 2019** was reasonable and that the Complainant was reasonably entitled to engage with the valuation process in the manner set out in these emails.

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While the Valuation Team appears to have initially attempted to telephone the Complainant to discuss the valuation process, as stated by the Complainant, he wished for any such explanations to be set out in writing. However, the Valuation Team does not appear to have provided a written response and instead, further sought to telephone the Complainant to discuss matters.

In his email of **1 December 2019**, the Complainant attached a spreadsheet setting out a comparison between the insured vehicle and three comparator vehicles. The Complainant then set out a basis for the assessment of the insured vehicle's value based on the information provided by the Valuation Team and noted that he had previously requested the Provider's *discounting protocols*. Throughout this email, the Complainant also requested the Valuation Team's observations in respect of various aspects of his assessment as to the vehicle's valuation. In response to this, it can be seen that the Valuation Team did not seek to engage in any meaningful way with the Complainant's analysis.

In a further email from the Complainant on **3 December 2019**, the Complainant quite clearly demonstrated his dissatisfaction at the Valuation Team's lack of explanation and engagement surrounding the valuation process. However, as can be seen from the Valuation Team's response, there was again no meaningful engagement with the Complainant's email and, despite the Complainant's previous preference for written communication, an invitation was extended to discuss matters over the phone.

Therefore, having considered the available evidence, it is my opinion that the Provider's Valuation Team did not engage with or respond to the Complainant's queries regarding the valuation process to an appropriate or reasonable standard. Although a general explanation as to the factors which influence a vehicle's valuation was initially given, I am not satisfied that the Valuation Team adequately engaged with the Complainant's correspondence. Further to this, while the Valuation Team indicated a willingness to discuss the valuation process over the phone, it is not clear why the Valuation Team could not have discussed matters, in a detailed manner, via email. Furthermore, the Valuation Team's invitations for a telephone call suggests that it did not have proper regard to the Complainant's request for written communication. However, it appears that when the Valuation Team considered that the parties would not reach consensus regarding the valuation of the insured vehicle, the Complainant was advised that the matter would be forwarded to the Head Office.

When the matter was referred to the Claims Handler and the In-House Engineer, a telephone conversation took place on **12 December 2019** between the Claims Handler and the Complainant where a general explanation regarding the valuation process was given. In an email dated **23 December 2019**, the Complainant sought the Provider's response to the vehicle comparison contained in the spreadsheet previously furnished to the Valuation Team. In the Claims Handler's email of **10 January 2020**, while seeking to reassure the Complainant that all information was taken into consideration by the In-House Engineer and advising the Complainant of his entitlement to appoint an independent engineer, this email does not engage with the substance of the Complainant's request and simply stated that "... as the vehicle is depreciating, the extras attached to the vehicle depreciate also."

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I do not consider this to be a sufficient response to the Complainant's email, particularly in light of the email correspondence exchanged between the Complainant and the Valuation Team, all of which was provided to the Claims Handler and the In-House Engineer.

The Complainant highlighted the absence of a proper explanation regarding the valuation process in an email dated **13 January 2020**. The Provider's response to this can be seen in an email from the Claims Handler on **24 January 2020** which included commentary from the In-House Engineer. Having considered this email, I am of the view that it contains a reasonable explanation of the valuation process.

A formal complaint was subsequently logged by the Provider following an email from the Complainant on **27 January 2020**, with a Final Response letter issuing on **30 January 2020**. When this letter is considered in the context of the correspondence exchanged between the Provider and the Complainant, it should have been quite clear to the Provider that the Complainant was not necessarily dissatisfied with valuation figure but rather the Provider's failure to provide an appropriate level of explanation regarding the valuation process so as to enable the Complainant to make an informed decision as to the valuation figure being offered by the Provider. As can be seen from the Provider's letter, the Provider only addressed the actual valuation amount and not the underlying process. In the circumstances, I am not satisfied that the Provider adequately addressed the complaint raised on foot of the Complainant's email of **27 January 2020**.

Following the Complainant's email of **5 February 2020**, a further Final Response letter issued by the Provider on **10 February 2020**. It is my opinion that this letter contains a reasonably comprehensive explanation regarding the valuation process. However, it is disappointing that the Complainant was required to wait this length of time and that it took two Final Response letters for the Provider to provide information which should have been provided from a substantially earlier point in the claim settlement process. While I accept that the Complainant was provided with a reasonably sufficient amount of information regarding the valuation process over the course of his engagement with the Provider, it is quite disappointed that it was provided in such a piecemeal manner. This is compounded by the fact that the Complainant's requests for information appeared to have been essentially overlooked by the Provider or, at the very least, not given an appropriate level of consideration.

In the Complainant's email of **27 January 2020**, he stated that:

"I will therefore take the opportunity to raise a complaint as you have kindly offered. What I propose to do is formulate the complaint into a concise, net point and I'll email that to you separately."

The evidence shows that the Provider logged a formal complaint on receipt of this email and issued a formal response on **30 January 2020**.

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It was quite clear from this email that the Complainant intended to set out the precise basis of his complaint in separate correspondence. While I am satisfied that it was reasonable for the Provider to log a formal complaint on foot of this email and engage its complaint process, I do not consider that it was appropriate for the Provider to issue the letter of **30 January 2020** before receiving the Complainant's further email setting out his complaint.

Although it appears that the Provider sought to issue a prompt response to the complaint, the Provider should, nonetheless, have been aware of the Complainant's intention to provide further information regarding his complaint. While I do not consider this to be an abuse of process, I am of the view that the Provider initiated an investigation in respect of a complaint without having the full details of the complaint and prematurely concluded its investigation. This, in turn, caused the Provider to issue a Final Response letter which did not address the complaint being made. Accordingly, I am satisfied that the Provider failed to properly handle the Complainant's complaint.

Goodwill Gesture

In its Complaint Response, the Provider says that:

"In recognition of a somewhat premature response to the customer in January we are prepared to make a customer service offer of €500 in an effort to resolve this matter."

Having considered the conduct, the subject of this complaint, and in light of the above analysis, I do not consider this goodwill gesture to be a reasonable sum of compensation for the customer service failings on the part of the Provider. As stated above, the Provider has not demonstrated that the initial valuation figure of €25,000 was a reasonable representation of the market value of the insured vehicle in accordance with the policy terms. It is also my opinion that there has been a poor level of engagement from, and repeated failure, regarding the provision of information to the Complainant in respect of the process underpinning the valuation of the insured vehicle. In addition to this, I am not satisfied that the Provider properly handled the Complainant's complaint in terms of its initial investigation and response.

In such circumstances, it is my opinion the Provider's conduct in respect of the settlement of the Complainant's claim undoubtedly caused substantial and prolonged frustration and inconvenience for the Complainant. Therefore, I substantially uphold this complaint.

Conclusion

My Decision pursuant to **Section 60(1)** of the **Financial Services and Pensions Ombudsman Act 2017**, is that this complaint is substantially upheld, on the grounds prescribed in **Section 60(2) (f)** for failing to give an explanation for the conduct when it should have been given.

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Pursuant to **Section 60(4) and Section 60 (6)** of the **Financial Services and Pensions Ombudsman Act 2017**, I direct the Respondent Provider to make a compensatory payment to the Complainant in the sum of €1,500, to an account of the Complainant's choosing, within a period of 35 days of the nomination of account details by the Complainant to the Provider.

I also direct that interest is to be paid by the Provider on the said compensatory payment, at the rate referred to in **Section 22** of the **Courts Act 1981**, if the amount is not paid to the said account, within that period.

The Provider is also required to comply with **Section 60(8)(b)** of the **Financial Services and Pensions Ombudsman Act 2017**.

The above Decision is legally binding on the parties, subject only to an appeal to the High Court not later than 35 days after the date of notification of this Decision.



GER DEERING
FINANCIAL SERVICES AND PENSIONS OMBUDSMAN

2 November 2021

Pursuant to **Section 62** of the **Financial Services and Pensions Ombudsman Act 2017**, the Financial Services and Pensions Ombudsman will publish legally binding decisions in relation to complaints concerning financial service providers in such a manner that—

(a) ensures that—

- (i) a complainant shall not be identified by name, address or otherwise,
 - (ii) a provider shall not be identified by name or address,
- and

(b) ensures compliance with the Data Protection Regulation and the Data Protection Act 2018.