

The complaint

Ms L (through her representative, Mr S) has complained about Admiral Insurance Company Limited's valuation of her car when she was involved in an accident – and about other costs she incurred as a result of storing the car.

What happened

In summer 2020, Ms L was involved in a road traffic accident. Her car – which was a rare classic model and a left hand drive - was damaged and not drivable. So she contacted Admiral to make a claim on her motor insurance policy.

Admiral had the damage assessed and concluded it was uneconomical to have it repaired. So they decided to settle Ms L's claim on a "total loss" basis and pay her a cash sum. The policy provided that, in the event a cash sum was paid, the amount would be limited to the market value of the car.

Admiral's assessor valued the car at £27,500. Ms L kept the car. Admiral reduced that amount by the car's salvage value (£9,350) and the policy excess (£600) and sent Ms L £17,550.

Ms L wasn't happy with the value Admiral had placed on the car. Mr S sent Admiral evidence on her behalf, which they said showed the car's value to be in the region of £45,000. This didn't persuade Admiral to increase the settlement. So Ms L raised a complaint (through Mr S) about the valuation, and about the decision Admiral had made that she was liable for the accident.

Admiral considered the complaint but didn't uphold it. They explained they usually use trade guides to establish the market value of vehicles. But, because Ms L's car was rare, they'd not been able to do that and had instead instructed an independent assessor. He'd valued the car at £27,500.

Ms L wasn't satisfied with Admiral's response, so Mr S brought her complaint to us. As well as not agreeing the valuation, Mr S said Admiral had ignored Ms L's complaint that they'd accepted liability for the claim without showing Ms L the evidence they'd relied on to decide that.

Our investigator considered the complaint and concluded Admiral's decision about the car's valuation wasn't reasonable. He noted only about 350 of the cars were built – so finding examples of similar cars being sold was difficult. But he found the evidence provided by Mr S – which showed an average value of £58,463.55 – to be more persuasive.

The investigator noted it's usual to make a deduction of up to 20% for a left hand drive car, which resulted in a figure of £46,770.84. As Ms L retained the car, the investigator said it was fair to deduct the salvage value – meaning that Ms L should be paid £37,420.84, along with 8% interest on what she'd not received. But he said Admiral's decision on liability was fair.

In response to the investigator's view, Mr S told the investigator that Ms L didn't want to keep the car – so she should also receive the salvage value. And he felt she shouldn't be responsible for the cost of storage, which she'd previously agreed to pay. Finally, Mr S

confirmed that Admiral had paid Ms L £100 compensation for not sharing the evidence on which they'd based their liability decision.

Admiral questioned the opinions on value provided by Mr S. And they said they'd offered to move the car out of storage, but this offer had been rejected and Ms L had said she would pay.

Our investigator reviewed his conclusions. In light of the information that Ms L didn't want to keep the car, he said Admiral shouldn't deduct salvage costs and should pay her £46,770.84. But he said Admiral could deduct storage costs from that amount, as he was satisfied it wasn't fair for them to pay them after they'd offered to move the car to a free storage facility.

Mr S accepted the investigator's view on Ms L's behalf and asked for clarification of the amount of storage costs to be deducted. Admiral decided to reassess the value and instructed another assessor. They assessed the car's value at £37,500, which they offered as a settlement (minus the excess and storage fees), which Mr S rejected.

The investigator reconsidered his view in light of the new information. He said Admiral's increased offer was supported by a reasoned assessment of the car's pre-accident value and concluded it was fair. But it didn't take account of the fact that Ms L should have received this sooner. So he said Admiral should pay interest on the difference between £17,550 and £37,500.

After some differences between the parties on the handling of the storage costs, the investigator sent the parties his fourth view on the complaint. He concluded that Admiral should pay Ms L a further £10,000, plus interest at 8% from the date they'd paid her £17,550. And they should pay her the salvage value, from which he deducted storage costs—which amounted to £7,546.71. In answer to a question from Mr S, he said no interest was payable on the net salvage value, because it represented the value of the vehicle in its damaged state, rather than a financial loss.

Mr S asked that for Ms L's complaint to be referred to an ombudsman and it was passed to me. Having reviewed all the available evidence, I reached a slightly different conclusion from our investigator about how the complaint should be resolved. So I made a provisional decision.

I agreed with our investigator that Admiral's second valuation of £37,500 for the car was reasonable. And, because she no longer wished to keep the car, Admiral should pay Ms L the £9,350 they'd previously deducted. And I agreed that Admiral could deduct storage costs of £1,803.29 from the settlement.

But, unlike the investigator, I said she should receive 8% interest on the salvage value, calculated from 12 May 2021 (the date she'd told Admiral she didn't want to keep the car) until the date of settlement.

I thought about whether Admiral should make any payment to Ms L for trouble and upset. But, having considered what Ms L said about this, I provisionally decided the trouble and upset she told us about related to the accident – not Admiral's handling of the claim. So it wasn't fair for me to say Admiral should pay compensation as well.

Admiral accepted my provisional decision. Mr S commented on Ms L's behalf that she still felt the car was undervalued and suggested changes insurers should make to improve the customer experience. He referred again to the evidence he provided on Ms L's behalf as to the value of the car, which he submitted was more persuasive than the assessor relied on by

Admiral. And he challenged my provisional decision that Ms L should bear the costs of storing the car, as he said those costs had been caused by Admiral offering inadequate storage themselves.

The matter's now been returned to me to make my final decision.

What I've decided – and why

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

Having done that, I'm upholding Ms L's complaint for the reasons I first set out in my provisional decision and summarised above. I'll explain why.

First, I'd like to confirm that, while I can see Ms L and Mr S are concerned that their complaint relates to problems about how the motor insurance industry operates, that's not something I can make a decision about. My role is to decide whether Admiral dealt with Ms L's claim fairly and reasonably and – if they didn't – what they should do to put that right. It isn't to punish Admiral by including a "penalty" element in any award.

As I said in my provisional decision, I thought Admiral's initial valuation of £27,500 was low. But their revised valuation of £37,500 was reasonable. I came to that conclusion by weighing the information provided by Admiral's assessor against that provided by Mr S and found the first more persuasive.

It's clear from Mr S's comments on my provisional decision that he doesn't agree and that I should be persuaded by the information about value he provided from a specialist dealer. So I've looked at that evidence again.

The document says the dealer has two vehicles for sale and gives the asking prices. And it says the lowest price achieved for a similar car in the previous two years is £37,000.

I've thought carefully about this. But I'm not persuaded to change my provisional decision, in which I said that the comparisons were based on asking prices, rather than prices achieved. That remains my view. The only reference to sale prices is a sale of £37,000 – which is slightly lower than the revised offer Admiral made Ms L. That persuades me Admiral's offer is reasonable.

I've also reviewed my provisional decision in light of Mr S's comments about the quality of storage offered by Admiral. Mr S has said that he and Ms L were advised that the car would be stored outside and that was not suitable for a vehicle that may later be repaired.

I've thought about this point. But I'm not minded to change what I said in my provisional decision. Admiral decided it's not economical to repair the car. Because Ms L didn't agree with that, she wanted it stored while her complaint was considered. That was her right.

Admiral offered storage facilities, which Ms L rejected. She said she'd pay the cost of the storage she thought necessary herself. While I note she and Mr S were acting on advice, that doesn't of itself persuade me the arrangements offered by Admiral were unreasonable. So it's not reasonable for me to say Admiral should bear the costs of the storage arrangements Ms L chose to make.

Putting things right

As I said in my provisional decision, I'm satisfied Admiral's revised valuation of £37,500 is reasonable - and I think that's what they should pay Ms L. So they need to pay her £10,000

- the difference between that and their original valuation of £27,500. And they need to pay interest on that amount, calculated at the rate of 8% per annum from the date they paid Ms L the original settlement (20 November 2020) until the date of settlement.

Admiral deducted the salvage value (£9,350) from the settlement because, at the time, Ms L wanted to keep the car. She changed her mind about this during the investigation. So I agree with our investigator she should also receive that sum. And she should receive interest on that amount, calculated at the same rate, from the date she advised Admiral she didn't want to keep the car (12 May 2021) until the date of settlement.

Admiral have settled the storage costs for the car, even though Ms L had agreed to pay them. So I think it's fair that they deduct £1,803.29 (the amount the investigator calculated Ms L was responsible for) from what I've said above they should pay.

Neither Mr S nor Ms L commented on my provisional decision that she shouldn't receive any compensation for trouble and upset. So I've no reason to change my provisional decision that Admiral don't need to pay Ms L any compensation for this.

My final decision

For the reasons I've explained, I'm upholding Ms L's complaint about Admiral Insurance Company Limited and directing Admiral pay her:

- an additional £10,000 for the value of Ms L's car, plus interest at the rate of 8% per annum, calculated from 20 November 2020 to the date of settlement;
- the salvage value of £9,350, plus interest at the rate of 8% per annum, calculated from 12 May 2021 to the date of settlement

less the storage costs of £1,803.29.

If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms L how much it's taken off. It should also give Ms L a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 4 May 2022.

Helen Stacey
Ombudsman