

The complaint

Mrs G complains that the settlement payment provided by Admiral Insurance (Gibraltar) Limited (Admiral) is too low, following the theft of her car under her motor insurance policy.

What happened

Mrs G's car was stolen in September 2022. She made a claim to Admiral, which it accepted. She says it offered her £39,880 in settlement of her claim. Mrs G says her car is worth much more than this and highlights adverts for similar cars for sale at a higher price. She says the claim process was stressful and it took too long without the provision of a courtesy car.

In its final complaint response Admiral says it used the industry trade guides to establish the value of Mrs G's car. It says the amount offered is the higher of the valuations it obtained. It says its policy doesn't provide for a courtesy car in the event of a loss due to theft. Admiral says it expects to settle this type of claim within 21 days, which it did in this case. But it offered £100 compensation for communication issues and for Mrs G having to repeat some information. It also offered £50 for a delay in responding to her complaint.

Mrs G didn't think she'd been treated fairly and referred the matter to our service. Our investigator didn't uphold her complaint. He says the settlement payment was fair and in line with our approach to valuing cars, using the industry trade guides. He says the compensation offered for the issues described during the claim was also reasonable.

Mrs G didn't agree and asked for an ombudsman to consider her complaint.

It has been passed to me to decide.

I issued a provisional decision in December 2023 explaining that I was intending to uphold Mrs G's complaint. Here's what I said:

provisional findings

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

Having done so I'm upholding Mrs G's complaint. I'm not persuaded to accept her view of the market value of her car. But I do think an increased payment is warranted. Let me explain.

I understand that Mrs G wants the best offer she can get following the theft of her car. Having read her policy terms, the policy provides the market value in the case of a total loss. This is defined in Mrs G's policy booklet as:

"The cost of replacing your vehicle; with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened. Use of the term 'market' refers to where your vehicle was purchased. This value is based on research from industry recognised motor trade guides."

We don't provide valuations for vehicles but rather we look to see whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, engineers reports.

Mrs G says she can't find similar cars advertised at the price Admiral offered her. I've looked at the adverts she provided showing cars for sale. These vary in price, age, and mileage. The prices range from £49,890 up to £62,500. I've also found similar cars advertised for sale between £29,000 and £33,000.

Although I've looked at this information, we don't generally find advertisements particularly persuasive as these are essentially asking prices and aren't selling prices. It's for this reason that we find the trade guides more persuasive as they provide evidence of likely retail selling prices.

Valuing second-hand vehicles isn't an exact science so I'd expect there to be a range of values where different trade guides are used. I obtained a valuation from one more of the trade guides. At the date of Mrs G's loss this trade guide valued her car at £41,029.

Having considered the trade guide valuations, along with the remaining evidence, I think Admiral should pay the highest figure from the valuations. This is the approach our service considers fair. This means increasing the amount it pays to £41,029 plus simple interest at 8% on the outstanding balance. Admiral should calculate this from the date it offered its original settlement, until the full amount is paid.

I've thought about Mrs G's comments that she wasn't offered a courtesy car during any of this. But I can't see that her policy provides for a courtesy car in the event of the theft of her vehicle. Although I note her dissatisfaction with the time taken to handle her claim, Admiral did pay a settlement figure within three weeks, which I think was reasonable. This meant Mrs G had the funds available to buy a replacement car. So, she could've mitigated the issues she's described due to the lack of a vehicle.

It's reasonable that Admiral had the opportunity to validate Mrs G's loss claim. It's fairly typical that this will involve an interview. I'm sorry Mrs G was distressed by this, and felt she was asked to repeat information she'd already provided. But I haven't seen anything that indicates Admiral's agents behaved unfairly towards her. I think its offer of compensation is reasonable.

I said I was intending to uphold this complaint and Admiral should pay Mrs G £41,029 in settlement of her claim plus 8% simple interest on the unpaid part.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Admiral responded to say it accepted my provisional findings.

Mrs G responded at length to say Admiral should pay £62,500 to settle her claim, but that she would accept £51,000 to draw a line under the matter. I've briefly summarised Mrs G's further comments below.

Mrs G says Admiral owes her a duty of care to protect her and her vehicle from loss. She says it was aware of criminals targeting her model of vehicle in the area where she lives. But it didn't do anything to warn her. Mrs G says she wouldn't have parked her car on the street had she known.

In support of her claim for a higher settlement payment Mrs G says our service can consider real world prices and the disparity with "*book*" prices. She says her car was of maximum specification with exceptionally low mileage. She also says Admiral and our service should accept that things change over time, and that "*secret...book guides*" are no longer relevant given the online marketplaces that are accessible by all.

Mrs G says she has provided evidence of a dealer that sold a similar car with low mileage for £62,500. She says Admiral asked her what she thought the value of her vehicle was, which she provided. She queries what the point of this was if Admiral was going to disregard it anyway.

Mrs G says the market may now be showing lower prices, but a facelift model has just been released and other global factors have also contributed to this. She highlights that her loss occurred back in 2022.

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 so I'm not persuaded that a change to my provisional findings is warranted.

I acknowledge what Mrs G says about criminal activity targeting her model of car in the areas where she lives. I've thought about her comments that Admiral has a duty of care to protect her and her vehicle from financial loss. However, having read her policy terms and conditions, I don't think Admiral is responsible for keeping Mrs G informed of criminal activity in her area.

I understand Mrs G's wants the highest settlement payment she can get. I agree it's important for our service to keep up to date with any changes in the market, so we can be sure that insurers are offering fair settlement payments in cases like this. We do review our approach regularly. As discussed we think the trade guides are the most persuasive source of information regarding used car values. By requiring Admiral to pay the highest of the valuations obtained, I'm satisfied that Mrs G is receiving a fair outcome here.

As discussed in my provisional decision I did consider the evidence Mrs G provided about similar cars for sale, including the car from the dealer she has specifically referred to. I also highlighted similar cars advertised for much lower sale prices. But having reviewed the evidence, I'm still satisfied that the fairest way to establish the market value of Mr G's car is by referring to the trade guides. I think its fair that Mrs G receives a payment based on the highest of these. But I'm not persuaded by her further comments that Admiral should pay more.

I acknowledge what Mrs G says about Admiral asking her about the value of her car. But I don't think this was unreasonable, as part of the process of dealing with her total loss claim.

I note Mrs G's concern that the market value of her car may have reduced due to various factors. But her policy pays the market value of her vehicle immediately prior to the incident that resulted in the total loss. The trade guide valuations were obtained using the date of the theft. So, any drop in the current market value isn't something that impacts on the settlement

payment Mrs G will receive.

I'm sorry Mrs G is disappointed with the settlement payment following the theft of her car. But I think my provisional decision was fair for the reasons I have set out. This will now become my final decision.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint. Admiral Insurance (Gibraltar) Limited should:

- pay Mrs G £41,029 in settlement of her claim, adding 8% simple interest on the unpaid part from the date the original settlement was offered until this payment is made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 16 February 2024.

Mike Waldron
Ombudsman