

## **The complaint**

Mr M complains that Admiral Insurance (Gibraltar) Limited did not fairly value his car when he made a motor insurance claim.

## **What happened**

Mr M had a fully comprehensive motor insurance policy with Admiral.

On 28 July 2023, Mr M was involved in a road traffic accident and he made a claim to Admiral. Admiral decided it was not economical to repair the car and it offered to settle the claim based on a valuation of £38,250. Mr M said this valuation was considerably lower than the market value and he believed it to be a trade valuation.

Mr M complained to Admiral about its valuation. He was also unhappy that a courtesy car had not been provided and that Admiral had taken too long to decide his claim.

In response to the complaint, Admiral said it had settled Mr M's claim in line with the terms and conditions of his policy. It had assessed the value of the vehicle by consulting two valuation guides. One of those guides was unable to produce a result and so Admiral used the top figure from the other guide, which was £38,250.

Admiral also said that its policy terms and conditions did not require it to provide a courtesy car where a vehicle was beyond economical repair. However, it did acknowledge that it had taken too long to deal with Mr M's claim. It offered to pay £25 to compensate him for that as well as 8% simple interest on the settlement figure for roughly a week.

Mr M did not agree with that view and so he complained to the Financial Ombudsman Service. Our investigator considered the matter. She consulted two valuation guides

Ultimately; she thought Mr M's car had some additional features that had not been taken account of in the valuation guides. She said that Admiral needed to increase its offer to Mr M by £750.

Mr M did not agree our investigator's view. He said the additional amount she had recommended for the optional extras did not reflect the true value of those extras. He sent some adverts to us that he said showed his car was worth more than Admiral said.

As Mr M did not accept our investigator's view, the matter was passed to me to make an ombudsman's decision.

I issued a provisional decision because I thought the complaint should be upheld. I said:

"The terms and conditions that apply to Mr M's policy say that where his car is deemed to be a total loss, Admiral will settle his claim by paying up to the market value of the car. 'Market value' is defined in the policy as the cost of replacing Mr M's vehicle with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss occurred.

Assessing the value of a car isn't an exact science. Like many insurers, this service often finds it is fair for an insurer to base its settlement on the valuations it may obtain from independent valuation guides. Each guide uses a different method to calculate its valuation and so with this in mind, it is usually fair for an insurer to consult multiple valuation guides.

In this case, I can see that the insurer consulted two valuation guides, but only managed to get a result from one ('Guide 1'). With that in mind, it offered the highest amount Guide 1 showed, which was £38,250.

Our investigator consulted some valuation guides. Like the insurer, she was unable to get a result from one of them. The valuation she obtained from Guide 1 was the same as the insurer with the highest value being £38,250 and the retail value being £38,000. Another guide showed a valuation of £38,624 ('Guide 2'). I asked our investigator to consult a third guide which produced a valuation of £41,851 ('Guide 3').

I can see that in obtaining these valuations, our investigator entered the correct registration details and the valuations show the correct make and model of Mr M's car. In addition, I can see that the correct mileage and date of loss have now been entered.

In taking account of all the valuations, my provisional view is that Mr M wouldn't be able to replace his car with a similar vehicle for the amount offered by Admiral. I can see that its offer sits at the lower end of the values produced by the guides.

For me to be satisfied that Admiral's offer represents a fair valuation, I'd expect to have been provided with some other evidence to support the lower valuation point. As an example, this evidence could include adverts for similar cars on the market from around the date of loss. I'd also need to be persuaded that any such evidence was relevant and persuasive before accepting that Admiral's lower valuation was fair. Admiral hasn't provided any such evidence.

On the contrary, Mr M sent us three adverts from around the date of loss for cars of the same make and similar model and mileage showing the following valuations: £43,900; £45,900; and £46,079.

Taking all the evidence in the round, my provisional view is that without any further evidence to support a lower valuation, it would not be fair for Admiral to settle this claim based on the lowest valuation. To avoid any detriment to Mr M, I provisionally find that my starting point in this case should be £41,851, which is commensurate with Guide 3.

The parties accept that Mr M's vehicle had several factory-fitted extras that are not accounted for in the relevant guides. Overall, our investigator said that she thought Admiral should pay an additional £1,000 in respect of these extras. Our investigator sent Mr M a valuation that showed the cost of the extras when the car was purchased as new. Mr M didn't think the £1,000 suggested by our investigator was consistent with the cost of the extras as new.

I accept that some optional extras may increase the resale value of a vehicle. On the other hand, some won't increase the price, but generally make the car more desirable to buy. I'm also mindful that the value of the additional extras would have also depreciated since the car was new. With all of this in mind, I'm provisionally satisfied that the amount of £1,000 as suggested by our investigator is fair.

With all that in mind, my provisional view is that a fairer valuation of Mr M's vehicle would be £42,851.

I can see Mr M was not happy because Admiral did not provide him with a courtesy car whilst his claim was being resolved. Having considered the terms and conditions of the policy, I can see that they only provide for a courtesy car to be supplied whilst Mr M's car was being repaired. As his vehicle was deemed a total loss, it was not being repaired and so Admiral was not required to provide him with a courtesy car.

That said, I note Mr M was not happy with the length of time Admiral took to decide his claim. And I can see how the undervaluation of Mr M's vehicle would have caused him some ongoing inconvenience. With that in mind, my provisional view is that Admiral would need to pay an additional £100 to Mr M to compensate him for that inconvenience."

I asked the parties to provide me with any further information or evidence they wanted me to consider before I issued a final decision. Both parties confirmed they had nothing further to add.

### **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.

As neither party provided me with any further information or evidence, I see no reason to depart from my provisional findings. So, for the reasons set out above, I uphold this complaint and require Admiral to put things right for Mr M.

### **Putting things right**

I require Admiral to:

- Settle Mr M's claim based on a valuation of his vehicle of £42,851.
- Pay simple interest\* on the difference between any interim payment and the final settlement. The rate of interest is 8% a year and is to be paid up until the date Mr M receives the final settlement.
- Pay a further £100 to Mr M to compensate him for the inconvenience I have identified above.

\*If Admiral considers that it is required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it has taken off. It should also give him a tax deduction certificate if requested so Mr M can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

I uphold this complaint and require Admiral Insurance (Gibraltar) Limited to put things right as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 April 2024.

Nicola Bowes  
**Ombudsman**