

The complaint

Ms B says that after she made a claim on her motor insurance policy, Admiral Insurance (Gibraltar) Limited didn't offer her enough for her written-off car

What happened

Ms B's car was damaged in a non-fault accident on 28 August 2023. Admiral asked an independent engineer to assess it and he concluded it was a total loss. He looked at one of the national trade guides that provide car valuations and advised Admiral that the car's market value was £5,860 (as set out in the guide) minus the policy excess. Ms B said she'd need £10,000 to replace the car with a similar one. She also said as she hadn't been provided with a courtesy car, she'd had to hire one, and that Admiral should pay for it.

Admiral said the valuation was fair and reflected the car's market value, as determined by an independent engineer. It pointed out that the policy didn't provide cover for like for like replacement cars and that it didn't provide courtesy cars until a car was being repaired. But it paid Ms B £25 compensation (plus £19 in interest) for not having paid its settlement sum to her as an interim payment more quickly.

One of our investigators reviewed Ms B's complaint and noted that Admiral had provided just the independent engineer's report (which referred to only one of the guides) and no other evidence supporting its offer. The investigator looked at the trade guides. One of them didn't give a valuation, given the car's age. Another gave a valuation similar to the one found by the engineer. But the other guide gave a valuation of £7,468 (which was supported by adverts). The investigator pointed out that our approach is for an insurer to pay the guides' highest valuation, unless it can provide evidence that supports a lower valuation.

Admiral said it still thought its valuation was correct, as it was the independent engineer's expert opinion. But it said as there was evidence supporting the higher valuation, it would offer Ms B the average of all three guides, plus interest on the difference between that and its original payment. Ms B rejected the offer, so her complaint was passed to me for review.

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.

The policy only provides for a courtesy car when the repair of a damaged vehicle has been authorised. It says one won't be provided if a consumer's car has been stolen or written off. So Ms B had no entitlement to a car. As she didn't have additional cover for hire, I think it was reasonable for Admiral to say that any hire costs incurred are for Ms B to cover.

In terms of the car's valuation, we usually give great weight to the views of independent engineers, given their knowledge and experience - and the fact that they have no financial interest in a valuation dispute. But in general, we think the best way to reach a fair market

value sum is to rely on the figures quoted in the national trade guides. They're based on extensive nationwide research that's updated regularly.

Admiral thinks its valuation is persuasive because it was put forward by an independent engineer. But it doesn't look as though the engineer used his expertise in arriving at the valuation. It seems he simply looked at one of the guides and accepted the valuation in it, without looking for supportive evidence (such as the other guides, or adverts). I think had the car been unusual in some way, an independent engineer's view and comments are likely to have been persuasive. But that didn't apply here, as it's a standard car - and the engineer didn't comment on the guide's valuation or say why he thought it was fair.

Our general approach is that if an insurer relies on a valuation shown in the guides that's lower than the highest one shown, it must explain why that's fair and reasonable. Otherwise it should pay the highest valuation. Admiral hasn't provided anything in support of its valuation, even after the investigator pointed out the lack of supporting evidence. So in my opinion, it would be fair and reasonable in this case for Admiral to pay Ms B the highest valuation set out in the guides (£7,468). It should deduct from that sum the amount it has already paid Ms B and add interest to the difference.

The sum proposed falls short of the £10,000 Ms B thinks she'll need to replace her car with a similar one, so she's bound to be disappointed with the outcome of her complaint. But the policy only provides for the car's market value, and I think the new settlement sum reflects it.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- pay Ms B £7,468 for her car (minus the sum already paid to her).
- add interest to the difference between the sum paid and the new settlement sum, at the simple yearly rate of 8%, from the date of the first payment to the date of settlement.

If Admiral thinks tax should be deducted from the interest it should inform Ms B of the deduction, so she may reclaim it as appropriate from HMRC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 8 July 2024.

Susan Ewins
Ombudsman