DRN-4765438

The complaint

Mr N complains Admiral Insurance (Gibraltar) Limited settled his motor insurance claim unfairly.

What happened

In September 2023 Mr N's car was stolen. He claimed for the loss against his Admiral motor insurance policy. The insurer settled his claim based on a market value for the car of £34,515. Mr N wasn't happy with that. He considered it undervalued his car.

When responding to Mr N's complaint Admiral didn't accept its valuation to be too low. It said it had been reached through consideration of two trade guides. It said deductions for finance settlement and an excess, from the payment made to Mr N, had been applied correctly.

Mr N wasn't satisfied, so referred his complaint to the Financial Ombudsman Service. He said the valuation didn't take into account the exact model and features of his car. He had been told he should be receiving around £39,000 to £40,000.

Our Investigator obtained two more trade guide valuations. Admiral's two guide valuations were £35,250 and £33,780. Her additional valuations were £36,906 and £39,838. She said the highest of the four valuation should be used as the basis for settlement, as Admiral hadn't persuaded her it would be fair to settle based on a lower value. So she recommended it settle the claim based on the highest guide – by paying an additional £5,323.

Mr N was happy with the proposed outcome. Admiral wasn't. It provided adverts it felt supported the lower valuation. The Investigator still wasn't persuaded as the adverts dated from around six months after the date of loss. In response Admiral offered to settle based on average of four guides – at £36,443. Mr N didn't accept that offer. As the complaint wasn't resolved it was passed to me to decide.

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 this is an informal service I'm not going to respond here to every point or piece of evidence Mr N and Admiral have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

Mr N's policy covers his car against theft. The policy also says the most Admiral will pay in cash is market value of the vehicle. Market value is defined by the policy as the cost of replacing the car with another of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened.

So I've considered if Admiral's offer to settle Mr N's claim is fair and in line with these terms. When looking into these types of complaints we check trade guides, adverts and other

relevant evidence. We generally find the guides most persuasive as they're based on nationwide research of likely selling prices. So they're more reliable than individual adverts. But as I've said we do consider other evidence.
To minimise the risk of detriment to the policyholder this Service considers insurers should settle based on a value close to the highest trade guide – unless there's persuasive evidence, for example adverts or independent reports, that a lower value is fair and reasonable.

Admiral doesn't accept the highest trade guide – at £39,838 – reflects a fair valuation for the date of loss. Its provided adverts to support its lower valuation and offer being fair. The three adverts are for the same year, make, model and 'PRO' specification as Mr N's car. All have mileage a few thousand either side of Mr N's – that is said to have around 28,000 on the clock. The asking prices are all close to £34,000. So close to Admiral's original valuation, a few thousand below its latest offer and more than five thousand short of the highest trade guide.

However, the adverts date from around March 2024. So six months after the date of loss. But market value, as set by the policy's definition, is based on market prices immediately before the loss happened.

If the adverts dated from a month or two after loss, I might be persuaded by them. But six months is too distant – considering factors like standard depreciation in the value of vehicles and fluctuations in the market. So I don't consider them persuasive.

Admiral said, following the Investigator's assessment, its unable to retrospectively provide adverts from the time of the loss. It added that this Service's approach to this type of complaint changed in December 2023. So it wasn't aware before then that additional research would be required. But Admiral was always required to settle based on a fair market value. And it seems Mr N was contesting its valuation from as early as October 2023. At the start of January 2024 Admiral was notified of his referral of the complaint to this Service. So it had plenty of earlier notice and opportunity to do its research in support its valuation.

So to minimise the risk of detriment to Mr N the fair outcome will be for Admiral to settle his claim based on a market value of £39.838. To make up for him being without the additional funds it should add simple interest, at 8%, from the date it made the original settlement payment to the date of final settlement.

As a last point, Mr N asked this Service to fine Admiral. However, issuing fines isn't within the remit or powers of this Service.

My final decision

For the reasons given above, I require Admiral Insurance (Gibraltar) Limited to settle Mr N's claim based on a market value of £39.838. Simple interest should be added as set out above*.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 3 August 2024.

Daniel Martin

Ombudsman