

## **The complaint**

Mr T complains about the market value Admiral Insurance (Gibraltar) Limited (Admiral) placed on his car when settling a claim made under his car insurance.

## **What happened**

Mr T had car insurance with Admiral. In October 2023, Mr T was in an accident and his car was declared a total loss.

Admiral said the market value of Mr T's car was £24,310, so this is what they based the total loss settlement on (before relevant deductions such as the excess). Mr T complained to Admiral that this wasn't sufficient, but Admiral maintained their decision.

As Mr T remained unhappy with the market value placed on his vehicle by Admiral, he approached the Financial Ombudsman Service.

When Admiral sent us their complaint file, they said they'd asked an independent assessor to review the market valuation, and they concluded it should be increased (before deductions) to £24,760. So, Admiral asked this service to relay an offer of an additional £500.97, with 8% interest added to Mr T.

Mr T remained unhappy with the increased offer. Our investigator looked into things further and upheld the complaint. He checked the available trade guides which produced some higher valuations than that offered by Admiral. The investigator didn't think Admiral (or the independent assessor) had sufficiently demonstrated a lower valuation than the higher trade guides he'd obtained was a fairer settlement. So, he recommended Admiral increase the market value (before deductions) to £28,792, with 8% simple interest added to the additional settlement due.

Admiral didn't agree and asked for a final decision from an ombudsman.

## **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've reached the same outcome as our investigator.

The complaint I'm considering here is about the market value Admiral placed on Mr T's car when offering a total loss settlement. I note that Admiral made some deductions to the settlement that they actually then paid to Mr T, including the excess, and they proportionately settled the claim based on an undisclosed speeding conviction. Mr T hasn't complained to Admiral (or us) about the proportionate settlement deduction itself, and instead has complained about the base market value before the deductions were applied.

Therefore, I'm only considering the market value pre-deductions. If Mr T is unhappy with the proportionate settlement deduction amount/percentage applied by Admiral to the market value, then he'd need to raise that with Admiral as a new separate complaint.

Mr T's car was deemed a total loss by Admiral following the accident. The terms of Mr T's policy outline that in the event of a claim, the most Admiral will pay is up to the market value.

Market value is defined in the policy 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."*

Admiral calculated the market value as £24,130. When determining this, they relied on trade guides CAP and Glass's. These gave valuations of £23,500 and £24,760 respectively and Admiral offered an average of the two. As outlined above, Admiral then referred this to an independent assessor who recommend the market value be increased to £24,760.

Mr T doesn't think this is a fair settlement based on similar vehicles for sale, as he says this isn't sufficient to replace his vehicle.

Valuing a vehicle isn't an exact science. When considering disputes about vehicle valuations, as a starting point, we'd take into account what the different industry trade guides say the market valuation of a vehicle is. We'd also take into account any other available information.

The guides we use as a starting point are CAP, Glass's, Autotrader and Percayso. And we'd consider the safest way to ensure a consumer receives the correct replacement cost (market value) is to make sure the insurer basis its settlement on the highest one. Or – if it doesn't – make sure the insurer has provided evidence to show a valuation lower than this is fair.

As mentioned, Admiral used both CAP and Glass's when obtaining valuations. The independent assessor later asked to produce a valuation also only relied on Glass's. Our investigator also checked Percayso and Autotrader. These additional trade guides produced valuations of £26,980 and £28,792, so higher than the market value settlement was based on by Admiral. Mr T also said he was only able to find similar vehicle for sale at prices which were in line with the higher trade guides. Our investigator therefore recommended Admiral should increase the settlement in line with the highest of the trade guides to £28,792 (before any relevant deductions) as he wasn't persuaded it had been shown a lower value was fairer.

As outlined, valuing a vehicle isn't an exact science. To be persuaded that a lower valuation than that produced by the highest of the trade guides is a fair reflection of the market value, I'd need to be satisfied that the evidence provided by Admiral supported that. However, Admiral hasn't provided sufficient evidence which persuades me this is the case.

Admiral has said that the fact they've asked an independent assessor for their opinion is sufficient to demonstrate this is the correct market value, but like our investigator, I'm not persuaded by this. This is because they've only taken into account one trade guide and given no persuasive explanation why this is a fairer value than that produced by other guides, or any other additional information to demonstrate this.

As I'm not persuaded Admiral has demonstrated a lower valuation is fairer, I'm directing Admiral to increase the market value to the highest of the trade guides - £28,792 (before the relevant deductions). As Mr T has been deprived of funds he otherwise should have had, I'm also directing Admiral to add 8% simple interest to the additional settlement amount due from the date of the previous settlement payment to the date of payment of the remainder.

### **My final decision**

It's my final decision that I uphold this complaint and direct Admiral Insurance (Gibraltar) Limited to:

- Increase the market value to £28,792 (before the relevant deductions) and pay Mr T the further amount due as a result of this.
- Add 8% simple interest\* to the additional settlement amount due from the date of the previous settlement payment to date of payment of the remainder.

\* If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give Mr T 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 T to accept or reject my decision before 19 June 2024.

Callum Milne  
**Ombudsman**