

## The complaint

Mr B complains about how much Admiral Insurance (Gibraltar) Limited paid to settle his claim for his stolen car on his car insurance policy.

## What happened

Mr B's car was stolen so he claimed on his policy with Admiral. Admiral reviewed the claim and accepted it but said due to Mr B having a premium sports car the valuation guides were unable to value it. Instead, Admiral appointed a motor engineer to value Mr B's car who valued it at £86,180 due to it having higher than normal mileage.

Mr B didn't think the valuation was enough and complained. He said that while his car had higher mileage than others, there were no cars similar to his which were even close to the value Admiral had reached. He also said his car had over £20,000 of optional extras and so didn't agree the amount Admiral had paid to settle his claim was enough.

Admiral reviewed the complaint and didn't uphold it. It said it had valued his car using a motor engineer and stood by the valuation of £86,180. Unhappy with Admiral's response, Mr B referred his complaint here.

Our Investigator reviewed the complaint and recommended it be upheld. She obtained valuations from three of the four valuation guides we use with the highest valuation being £97,472. And, as Admiral hadn't shown why a value lower than the highest guide was fair, she recommended Admiral pay £97,472 minus the policy excess. Our Investigator also asked Admiral to pay 8% interest on the additional amount it pays to compensate Mr B for not having the money he should have had.

Admiral didn't agree. It said it had used an expert to value the car and two of the valuation guides gave values of around £76,000, so it thought the value produced by the highest guide must be wrong. Our Investigator didn't agree, she said Admiral's engineer had valued Mr B's car at £76,180 and then added £10,000 for the optional extras. However, Admiral's engineer hadn't shown why this was the fair value to pay or that the value produced by the highest guide was wrong.

As Admiral didn't agree the complaint has come 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.

The terms and conditions of Mr B's policy say that if Admiral deem his car a total loss, it will pay him the market value. It defines market value 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."*

Our service doesn't value cars. Instead, we check to see that the insurer's valuation is fair

and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant trade guides. I usually find these persuasive as they're based on nationwide research of sales prices.

Of the four valuation guides this service uses, three of them were able to value Mr B's car. The values given are £76,180, £76,250 and £97,472. Admiral has said it thinks the highest valuation is wrong due to it not being in line with the others. Admiral has also provided an engineer's opinion on the value of Mr B's car.

Within Admiral's engineer's report it says: "*Base [sic] on the information available and obtaining the vehicles original registration XXXXXXXX I have valued the vehicle at retail in glass,s [sic] guide £94,500 less a high mileage deduction of £18320.00 = £76180.00 + £10000.00 for listed extras = £86180.00*". From reading this report it would appear the engineer has assessed the value of Mr B's car using one of the valuation tools we use, as the engineer specifically referred to the tool.

The engineer's report also goes onto say: "*adjusted retail value for vehicles of this type and age in the February 2024 guide is £94,500 at 88000 Miles, trade value is £78,500.00 and mid value is £86,625.*" Nowhere in the report does it explain how, or why, the engineer reached the conclusion that deducting £18,320 for the higher mileage Mr B's car had was fair or reasonable. Furthermore, the valuation guides have the option to input the mileage when calculating the market value. So if Admiral's engineer isn't using the tool to calculate the difference in value due to the mileage, I would expect to see some reasoning as to how they reached the figure of £18,320.

When taking all of the evidence into account, I'm not persuaded Admiral has acted fairly in reaching the market value of Mr B's car. I say this as it's given conflicting information by saying the valuation guides couldn't value Mr B's car, and then its own engineer has used a valuation guide as their starting point. It has then completed its own deduction to the market value due to the higher mileage Mr B's car had, but not provided rationale as to why the figure it's deducted is fair.

Furthermore, Admiral has said the highest guide value we've obtained is out of line with the other two valuation guides we obtained values from. However, this value is in line with the starting valuation Admiral's own engineer obtained from a valuation guide. When taking this all into account I'm not persuaded Admiral has shown the value produced by the highest valuation guide is wrong, and as Admiral hasn't shown why the valuation it reached is fair, I'm more persuaded to go with the valuation from the highest guide.

As I'm not satisfied Admiral fairly valued Mr B's car, I've looked at what it needs to do to put things right. Admiral has made an interim payment to Mr B which was subject to his policy excess. Admiral therefore needs to pay Mr B £97,472 as the market value of his car. As Admiral has made an interim payment it's entitled to deduct what it's already paid plus the policy excess from £97,472. However, as Mr B has been without the money it should also add 8% simple interest per year to the additional amount it pays, calculated from the date of the interim payment until the date of settlement.

### **My final decision**

For the reasons explained above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay Mr B:

1. £97,472 in settlement of his claim, minus the applicable policy excess and what it's already paid.
2. 8% simple interest per year should be added to the additional amount it pays, calculated from the date of the interim payment until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 October 2024.

Alex Newman  
**Ombudsman**