DRN-5066640

The complaint

Miss H complains about how her insurer, Admiral Insurance (Gibraltar) Limited valued her vehicle as a total loss following an accident.

Any reference to Admiral in this decision includes their agents.

What happened

Miss H was involved in an accident in July 2024, in which her vehicle was in a collision with another vehicle. She contacted Admiral to tell them about the accident and lodge a claim. Admiral concluded the vehicle was a total loss. They valued the vehicle at £4,028 less the policy excess of £450. This meant a net settlement of £3,578).

Miss H was unhappy at the valuation, so she complained to Admiral.

Admiral didn't uphold the complaint, saying in their final response they'd reviewed Miss H's vehicle details and industry valuation guides and other evidence. This confirmed what they thought was the vehicle's market valuation of £4,028. And the deductions applied to the valuation were correct. So, Admiral wouldn't increase their valuation.

Miss H then complained to this Service. She said she'd been offered £4,028 for her vehicle, but she couldn't find any similar vehicles on the market for less than £5,000. So, she didn't think Admiral's offer reflected the market value of her vehicle. She'd purchased a new vehicle at a cost of £5,250. She'd also spent a significant amount of time on the phone to Admiral. As their opening hours were in her working hours, she'd had to take time out and make up time in the mornings and evenings, which had affected her sleep. She wanted Admiral to increase the settlement offer for her vehicle.

When providing their business file as part of this Service's investigation, Admiral made a revised offer to resolve the complaint. They increased their valuation to £4,231 (an increase of £203) and offered to pay interest on the increase. They also offered £100 compensation.

Miss H rejected the revised offer and asked that our Service investigate the complaint.

Our investigator concluded Admiral's revised offer was fair. Looking at the figures from the industry valuation guides used by this Service, they ranged from £3,641 to £4,305. While there was a significant variation in the figures, Admiral's revised valuation was close to the highest of the three figures. So, the investigator thought it was reasonable. The investigator also hadn't seen any other evidence to persuade them a valuation outside the guide figures was more appropriate. The investigator also thought Admiral's offer of £100 compensation was fair, as Miss H had suffered some distress and inconvenience from what happened.

Miss H disagreed with the investigator's view and asked that an Ombudsman review the complaint. She said Admiral should pay 'market value' of her vehicle and she didn't feel the figures from the valuation guides accurately reflected the market value of her vehicle. She referred to the definition of 'market value' in the policy. From the research she'd done, she couldn't find any examples of the make, model age and mileage of her vehicle for less than

£5,000 (with most being around £5,250 or more). Her vehicle was a diesel, which made it more expensive to purchase and replace than an equivalent petrol vehicle..

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.

My role here is to decide whether Admiral has acted fairly towards Miss H.

The key issue in Miss H’s complaint is the valuation of her vehicle as the basis for Admiral’s settlement offer. She says Admiral’s revised valuation (£4,231) isn’t sufficient for her to purchase an equivalent replacement vehicle, for less than £5,000 (she says she purchased a replacement vehicle for £5,250. Admiral say their revised valuation is fair, being the higher of the two figures they’d obtained from two recognised industry valuation guides.

Having considered the available evidence and information, I’m upholding the complaint, based on Admiral’s revised offer to resolve the complaint. I know this will be disappointing to Miss H, so I’ll set out why I’ve come to this conclusion.

In disagreeing with our investigator’s view, Miss H referred to the following definition of market value in her policy:

> *“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.”*

Miss H doesn’t feel the figures from the valuation guides accurately reflected the market value of her vehicle. However, the policy definition specifically refers to market value being based on research from industry recognised motor trade guides. So, in using recognised trade guides, Admiral have acted in line with the policy wording.

As a Service, our approach to vehicle valuations starts by looking at an insurer’s valuation, which we generally expect to be based on relevant industry valuation guides (which is also the approach we adopt as a Service). We’d expect the insurer’s valuation to be within a certain percentage of the highest valuation guide figure (or higher). If it was then we are likely to say it’s fair. Unless there is other evidence to say this is unfair (and an insurer can evidence its offer is fair and reasonable when it’s lower than the highest guide value).

Turning to the industry valuation guides, from the information provided by Admiral, they used two guides, based on retail values. The valuations were based on the registration details of Miss H’s vehicle and the actual mileage at the time of the accident (which was below average for the age of the vehicle).

(A) £4,231
(B) £3,825

Admiral used the average of the two valuations to arrive at their initial settlement valuation of £4,028. They subsequently revised their offer when providing their business file to their Service, to £4,231 (the higher of the two valuations).

Checking the valuations directly, they are at (or very close to) the equivalent valuations we obtained as part of our investigation of Miss H’s complaint. They are based on inputting Miss H’s vehicle registration and the exact mileage at the date of the accident. Two of the valuations are from the same guides as those given by Admiral (A) and (B) and the third (C) from another valuation guide used by this Service:

(A) £4,305 (retail value)
(B) £3,825 (retail value) £3,775 (retail transacted value)
(C) £3,641 (market value)

While there is a small difference (A), the two other figures are significantly below the revised offer from Admiral (£4,231).

So, I've concluded the valuations used by Admiral were accurate valuation guide figures, using appropriate input data.

Miss H argues her vehicle was a diesel, which have higher values than equivalent petrol models. However, all the valuation guide figures above are based on the specific details of Miss H's vehicle, including it being a diesel model. So, I can't conclude Miss H's vehicle beig a diesel hasn't been factored in.

Miss H also says she couldn't locate any examples of vehicles similar to her own for less than £5,000. But she's provided no evidence to support what she's said, so I can't conclude there's evidence to support a valuation outside of the valuation guides.

Admiral have also offered to pay Miss H interest, at a rate of 8% simple, on the difference of £203 between their initial valuation and their revised valuation. This is in line with our approach as a Service, so I think it's fair and reasonable.

They've also offered Miss H £100 compensation as part of their revised offer. Miss H has referred to having to spend time on the phone to Admiral, affecting her work time. Considering the circumstances of the case and the published guidelines on this Service's approach to awards for distress and inconvenience, I think Admiral's offer is fair and reasonable, so they should pay Miss H the compensation they've offered.

Taking all these points into account, I've concluded Admiral have acted fairly in making a revised settlement based on a valuation of £4,231 and offering interest on the increase (£203). And their offer of £100 compensation is fair, which they should now pay to Miss H.

My final decision

For the reasons set out above, my final decision is that I uphold Miss H's complaint. I require Admiral Insurance (Gibraltar) Limited to:

- Pay Miss H a further £203 in respect of their revised settlement valuation of £4,231 (assuming they've already paid the initial settlement figure, based on a valuation of £4,028).
- Pay interest, at a rate of 8% simple, on the increase of £203 from the date they paid the initial settlement to the date they pay the additional £203.
- Pay Miss H £100 compensation for distress and inconvenience.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date we tell them Miss H accepts my final decision. It they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 16 December 2024.

Paul King
Ombudsman