

## **The complaint**

Mr C complains about Admiral Insurance (Gibraltar) Limited's handling of a claim under his car insurance policy.

## **What happened**

Mr C's car was involved in an accident in April 2024, and he made a claim with Admiral under his car insurance policy.

Admiral declared the car a total loss and in May 2024, it made a settlement offer based on a pre-accident value (PAV) of £28,980.50.

Mr C complained to Admiral. He was unhappy with Admiral's PAV and the lack of communication.

Admiral issued a response in May 2024. It accepted it didn't communicate well with Mr C and it paid him £100 compensation. But it didn't agree to increase its PAV and said it relied on motor trade guide ('guides') valuations.

Mr C referred his complaint to the Financial Ombudsman Service. He felt a fair PAV was between £33,500 and £36,000. He said he'd purchased an inferior car for more than Admiral's PAV and he was unhappy with the service Admiral had provided overall.

Our Investigator upheld the complaint. They looked at a number of guides and thought the fairest outcome was for Admiral to use a PAV based on the highest valuation of £29,818. Overall, they weren't persuaded Admiral's evidence was sufficient to show a lower amount than this would be fair. So they asked Admiral to pay Mr C a further £868, with interest. They also felt Admiral should pay a further £150 compensation.

Admiral didn't say whether it agreed. Mr C disagreed and felt the PAV should be higher for a car with the same specifications as his.

Because the complaint couldn't be resolved, it's been 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.

The policy terms say the most Admiral will pay Mr C in the event of a total loss, is the market value for his car. Market value is defined 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'*.

It isn't the role of the Financial Ombudsman Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably and if they've relied on a fair market value of the car in line with the policy terms and conditions. In doing so, we

consider the various trade guide valuations used for valuing cars, along with other evidence provided by both sides, such as advertisements.

In assessing what constitutes a fair value, we generally expect insurers to review relevant guides to motor valuations. And to minimise the risk of detriment to the policyholder, we think insurers should settle based on a value close to the highest trade guide valuation – unless there's persuasive evidence, for example adverts or independent reports, that a lower value is fair and reasonable.

I've reviewed the information from the guides to assess whether Admiral's offer is fair and reasonable. The valuations I've seen from four guides, give values between £26,500 and £29,818. Looking at the valuations provided by the guides, I'm not persuaded that Admiral's PAV of £28,980.50 is fair. This is because the guides have produced valuations which vary significantly from the lowest to the highest. Admiral's PAV sits below the highest valuation, but it hasn't shown sufficiently why its offer is fair, or that Mr C could have replaced his car with a similar one for the amount it has relied on.

Mr C provided some adverts, along with evidence of a car he purchased following the claim. But these examples are a mixture of cars with lower mileage than Mr C's car at the date of loss, some registered in a different year and one with a different engine size. So I've not been able to rely on the adverts and examples Mr C provided in deciding what's fair.

Mr C also mentioned his car's optional extras, and I can see the Investigator took this into account. Similarly to the value of a car, factory-fitted optional extras will also likely depreciate over time, and while some optional extras can increase the resale value of a car, some won't increase the price. In this case though, I'm satisfied our Investigator did take into account the optional extras which have increased the value of Mr C's car, but this hasn't shown the highest guide valuation was inappropriate.

Ultimately, Admiral hasn't provided enough evidence to persuade me a PAV below the highest guide valuation is fair in the circumstances. And to avoid detriment to Mr C, the highest valuation produced by the guides is my starting point. So, considering the overall variation of the values produced, and the lack of persuasive evidence provided, I consider a more appropriate PAV would be £28,980.50. This represents a further £868 that is due to Mr C. So Admiral should pay this to him, along with 8% simple interest per year, from the time Mr C has been unfairly without this money.

Admiral accepted it communicated poorly with Mr C, and there were some initial delays. It paid Mr C £100 compensation in acknowledgement of this, which I think is fair. But I think Admiral's settlement, based on an unfair PAV, would have caused Mr C some further distress and inconvenience. So I agree that it should pay Mr C a further £150 compensation for the distress and inconvenience caused, on top of the £100 it has already paid.

### **My final decision**

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

- Pay Mr C £868.
- Pay interest on the above amount. The interest should be calculated from 9 May 2024, to the date of payment. The rate of interest is 8% simple interest per year.\*
- Pay Mr C a further £150 compensation.

\* 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 C how much it's taken off.

It should also give Mr C 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 C to accept or reject my decision before 16 December 2024.

Monjur Alam  
**Ombudsman**