

The complaint

Mr M complains about how EUI Limited trading as Admiral (EUI) dealt with a claim on his motor insurance.

What happened

Mr M's car was involved in an accident and he made a claim on his motor insurance to EUI. EUI settled the claim. However the amount paid wasn't enough to settle the outstanding finance on the car.

Mr M wasn't happy about this and complained to EUI. EUI addressed four points in its response -

Point 1 – Mr M wasn't happy with the valuation EUI placed on the vehicle.

EUI said it used valuation guides to come up with a market valuation for the car, which showed that the current market value was £10,151.33.

Point 2 – Mr M wasn't happy that EUI didn't make him aware that it would be paying out for the finance.

EUI said this was explained in the policy terms and conditions.

Point 3 – Mr M wasn't happy that he was responsible for paying the remaining finance on the vehicle.

EUI said under the terms of the policy Mr M's car was insured for the market value only and not the amount of the outstanding finance.

Point 4 – Mr M wasn't happy with the communication from EUI.

EUI upheld this part of the complaint and offered Mr M £50 compensation.

Mr M wasn't happy with what EUI said and complained to this service. Our investigator upheld his complaint. She said EUI weren't liable to pay the full balance of the finance, only the market value of the vehicle in accordance with the terms and conditions of the policy. But she said looking at the valuations produced by the guides, she wasn't persuaded that EUI's offer was fair and reasonable, and a more appropriate fair market valuation would be £10,480 plus interest on the difference between that sum and the amount already paid.

EUI didn't agree and so the complaint has been passed to me. Mr M wants the claim settled in an amount that is enough to pay off the outstanding finance on the car.

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.

I uphold Mr M's complaint. I'll explain why.

Mr M motor insurance policy documents with EUI said:

“What we will pay

We will decide how to settle your claim and will either pay:

- *to repair your vehicle*
- *a cash sum to replace the damaged vehicle.*

If we give you a cash sum, the most we will pay is the market value of the vehicle.”

And:

“If your vehicle is subject to a hire purchase agreement, we will pay any money owed to that company first and then pay any remaining money to you. If your vehicle is on lease or contract hire, we will pay the lease or contract hire company either the market value of the vehicle, or the amount required to settle the agreement, whichever is less.”

Market value was 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.”

In cases like this, this service relies on motor valuation guides to calculate the market value of a vehicle. These guides are based on extensive nationwide research using, for example, advertised selling prices, auction prices and actual selling prices. The approach taken by this service is that, in the absence of good evidence to the contrary, the valuation guides are very likely to be accurate. Unless there is good evidence to suggest otherwise, this service is likely to conclude that the highest value from the guides should be used to settle the claim.

EUI has provided this service with details of the valuations it obtained for Mr M's car from the valuation guides of £10,480, £9,725 and £10,249 giving an average of £10,151.33, the value EUI placed on the car.

Our investigator obtained valuations from the guides of £9,725, £10,480, £10,249 and £10,129. She said as there was no evidence to suggest otherwise, EUI should pay the highest valuation of £10,480.

EUI disagreed with this, saying one of the guides it used looks at adverts for similar cars. However I'm not persuaded that these adverts support EUI's valuation, as the cars aren't comparable to Mr M's, particularly with regard to the mileage.

EUI haven't provided any other evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate. So in all the circumstances of this case, I consider that a more appropriate fair market valuation would be £10,480.

I can see that there were problems with EUI's communication with Mr M. however EUI have already offered him £50 compensation and I think thus is a fair and reasonable amount in the circumstances.

My final decision

For the reasons given above, I uphold Mr M's complaint. I require EUI Limited trading as Admiral to increase the valuation of Mr M's car to £10,480 plus pay interest at 8% simple on the difference between the initial payment and the final settlement. The interest to apply from the date of the initial payment to the date of the final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 January 2025.

Sarah Baalham
Ombudsman