

The complaint

Mrs C has complained about her car insurer Admiral Insurance (Gibraltar) Limited. She's not happy with how it handled her claim or with the value it placed on her car when it decided it was a total loss.

What happened

Mrs C was involved in an accident. Her car suffered damage and she made a claim to Admiral. Admiral ultimately decided her car was a total loss. It told her it had consulted three market valuation guides to see how much it would cost to replace her car for one similar. It said it had taken the average of the three values returned, £8,893. It said this was the market value it was applying for Mrs C's car, and it would pay that to her less a deduction for the policy excess and the remaining policy premium.

When Admiral told Mrs C the market value, she felt it was too low. She consulted sale adverts for cars and sent Admiral some examples of cars for sale, similar to hers. Those examples were for sale at £9,450, £9,595 and £9,999. Mrs C also told Admiral she was unhappy with the service it had provided to her including in respect of how it had told her it had decided her car was a total loss.

Having considered Mrs C's concerns, Admiral issued a final response letter. In that letter Admiral said it was satisfied by the market value it had applied – given it had taken an average of the three valuations returned from the guides. Regarding the customer service, it accepted it had failed Mrs C. It said it would pay her £250 compensation.

Mrs C remained unhappy. She brought her complaint to the Financial Ombudsman Service.

Our Investigator considered all the available evidence about the market value for Mrs C's car. And he consulted the four market value guides often referred to by this Service. Those guides returned values of £8,630, £8,775, £9,049, and £9,274.

Our Investigator noted that the approach of this Service, for over a year has been that insurers, as a starting point for determining a market value, should use the highest of the guide prices returned. Then, if they want to apply a lower price, they need to have good reason for doing so. And they should be able to support that reason with evidence. He didn't think Admiral had done that here. Having taken note of the adverts provided by Mrs C, setting them alongside the guide valuations returned, our Investigator thought a fair and reasonable market value was likely £9,500. He said Admiral should settle the claim based on a market value of £9,500, plus interest.

In respect of the poor service provided by Admiral, he felt the £250 offered by it was reasonable. He said, if that had not been paid already, it should pay that sum to Mrs C.

Mrs C said she was happy with that outcome. Admiral said it disagreed with it.

Admiral said it had found one advert for a car similar to Mrs C's, at the time it was considering the market value. It said that car was for sale at £8,995, only slightly more than

the market value it had applied, and that car had lower mileage than Mrs C's. It also provided a number of sale adverts for cars it had found following receipt of our Investigator's view. It said they all showed similar cars to Mrs C's, available to buy, priced between £8,160 and £9,000. It felt that all showed that Mrs C could replace her car for the market value it had applied (£8,893), meaning that market value was fair and reasonable.

Our Investigator reviewed Admiral's response. He wasn't persuaded that the new adverts now found by Admiral showed that it had made a fair decision, in line with our approach, at the time it had determined the market value for Mrs C's car. He confirmed he still felt Admiral should pay £9,500, being the fair and reasonable market value for Mrs C's car.

Admiral confirmed it still did not agree. The complaint was referred for an Ombudsman's decision.

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.

Market Value

This Service has an established approach to determining the market value for a car. As our Investigation explained, Admiral did not follow that approach when it set the market value it did for Mrs C's car. To recap, Admiral consulted three guides and took an average of the three values returned. When what Admiral should have done, having referred to its chosen guides, was to take, as a starting point, the highest of the values returned. If it thought the vehicle was worth less than this highest figure, it should have provided persuasive evidence to support that position. So, at first glance, Admiral acted unfairly and unreasonably.

I've thought then about whether the unfair and unreasonable method Admiral applied meant it came to an unfair and unreasonable market value for Mrs C's car. Admiral thinks it was fair, and that its justified that by the adverts it has presented.

Admiral showed an example advert for one car for sale from the time of the loss. I'm not persuaded that one advert for a car for sale, at £8,995, is a reliable indicator of the likely market value for Mrs C's car.

The other adverts Admiral sought to rely on were provided about five months after the loss, only after Admiral had received our Investigator's view. To be clear, our approach to determining the market value for a car does allow for insurers to apply values less than the highest of any returned by the guides. But an insurer looking to apply a lower value must support that decision in evidence. With this Service often viewing the most persuasive evidence as that which was available at the time the loss occurred. That is because sale trends and the car market fluctuate, meaning the price of cars for sale fluctuates too. So adverts obtained five months after the fact are not reliable indicators of what was likely available at the time of the loss. If Admiral had wanted to support a lower market valuation, at the time it was seeking to apply that sum, it should have gathered sufficient evidence *at that time* to support its chosen figure. I've said above why I've found that the one advert it did find is not sufficient evidence, in my view, of the low market value it applied.

When Admiral told Mrs C of the market value it was applying, she thought it was too low. Mrs C gathered evidence of three cars for sale, all similar to hers and all for sale at more than £9,000, in fact all more than the highest guide value of £9,274. Admiral chose to ignore all of these. It didn't consider whether these might suggest a market value, greater than that which it'd applied and even in excess of the highest guide value, might be fair here.

Determining a market value for a car is not an exact science. The guide valuations are useful tools because they are based on a lot of data. But that does include historic as well as current data. Adverts for cars for sale don't show what a car was sold for. So they don't, by themselves, evidence what it will cost for a similar car to be purchased. However, it's not reasonable to entirely discount them either – especially when Admiral was seeking to rely on just one advert it had found to justify its lower valuation. I bear in mind that the majority of examples of cars, similar to Mrs C's, shown to be available to buy at the time of the loss, were for sale in excess of the highest guide value.

As a reminder, the highest guide value is our *starting point* for ensuring a fair market value is reached. I think, in the circumstances of this complaint here, it's reasonable to then also factor in the prices of the example cars for sale found by Mrs C. I've reviewed the related adverts and find they show cars similar to Mrs C's, in terms of key factors which affect price such as mileage, make and age of the car. They also seem to have been found by Mrs C within around a month of the accident. So, by and large, I find them persuasive indicators of the likely price Mrs C would have faced at the time of the loss to replace her car with something similar. But I also acknowledge that the highest of the three example prices Mrs C found is quite significantly higher than any of the other value presented.

The four values together are; £9,274, £9,450, £9,595 and £9,999. The sum of £9,500 put forward by our Investigator as a fair and reasonable market value, sits towards the middle of those four sums. But I think it's important to point out that it is not quite central and actually sits closer to the lower end of the scale, than the higher end represented by the most costly of the three examples Mrs C put forward. I think that strikes a fair balance between the unusually high sum and the lower of the four values which is based on a wide range of data.

In short, I'm satisfied that the fair and reasonable market value for Mrs C's car is £9,500. Which means that Admiral's market value of £8,893 was unfair and unreasonable. It will now have to settle Mrs C's claim based on the market value for her car being £9,500. It will have to add interest to any amount now due to be paid to Mrs C.

Poor Service

I note that Mrs C had some concerns about the service Admiral provided. I also note that Admiral accepted it had failed her in some respects and it offered £250 compensation. I can see that our Investigation felt that was fair and Mrs C agreed with that. Given that, and that ours is an informal service, I don't intend to go into much detail in this respect.

I can confirm that I've considered what happened and that I can see that, at times, Admiral's service fell short of that a customer might reasonably expect to receive. I accept that, because of things like Admiral failing to call Mrs C back when promised, Mrs C was caused distress and inconvenience. I'm satisfied, having considered everything, that £250 is fair and reasonable compensation in the circumstances. I'll require Admiral to pay this to Mrs C now, if it hasn't done so already.

Putting things right

I require Admiral to:

- Settle the claim based on a vehicle valuation of £9,500. If any settlement has been paid to Mrs C already, Admiral will not only have to pay her the difference outstanding. To any sum now due to Mrs C, it should add interest, applied from the date of any previous settlement until the amount outstanding is paid. If nothing has been paid so far, interest*

should be applied on the whole sum now due from the date the previous settlement offer based on the unfair market value was put to Mrs C, until payment is now made.

- Pay Mrs C £250 compensation – but if it's been paid already, it won't have to pay this sum again.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Admiral to take off tax from this interest. If asked, it must give Mrs C a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 28 March 2025.

Fiona Robinson
Ombudsman