

The complaint

Mr P is unhappy with the settlement amount Admiral Insurance Company Limited offered him for his stolen car.

What happened

Mr P's car was stolen and so he made a claim under his Admiral motor insurance policy. Admiral accepted his claim and ultimately valued his car at £71,380. But it deducted 10% from this because Mr P's car didn't have a current MOT certificate when it was stolen. This reduced Admiral's settlement offer to £64,242.

Mr P complained to Admiral. He thought its valuation was unfairly low as it didn't take account of his car's special features or that it was a limited edition. And said he'd been unable to MOT his car because he'd been abroad and then the coronavirus lockdown happened – he thought Admiral should make a fixed deduction rather than a percentage of his car's value.

Admiral didn't change its position. It said its MOT deduction was a business decision it'd made and Mr P had sufficient time to arrange an MOT for his car between returning to the country and lockdown. Admiral also said it had taken account of the specification and rarity of Mr P's car, and had offered him market value for it based on motor trade valuation guides.

Mr P remained unhappy so he referred his complaint to our service. Our investigator upheld Mr P's complaint. He said while Admiral had offered Mr P a fair and reasonable valuation for his car, 10% was an unreasonably large deduction to make for not having a valid MOT. Our investigator said £100 was fairer instead, as he'd not seen any evidence that Mr P's car wouldn't have passed the MOT.

Mr P agreed with our investigator. But Admiral disagreed, saying the issue wasn't whether Mr P's car would pass an MOT, but was instead that not having a valid MOT reduced the value of his car. Admiral said its 10% deduction was industry standard and in line with opinions previously given by our service in other cases.

As Admiral disagreed, this complaint was passed to me for a 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.

As Mr P accepted our investigator's view, Admiral's overall valuation of his car is no longer in dispute. But for completeness, I've checked three of the motor trade valuation guides and I'm satisfied that Admiral's valuation of £71,380 is fair and reasonable, as it's in line with the values given by those guides.

What's in dispute here is the 10% Admiral has deducted from that valuation, amounting to £7,138. Admiral has deducted this because Mr P's car didn't have a valid MOT at the time of

the theft. I acknowledge Admiral says a 10% deduction is industry standard and in line with what our service has said in other cases. But in the circumstances of this particular case, I think a deduction of £7,138 is disproportionate and unfair. I'll explain why.

I accept that not having a valid MOT certificate reduced the value of Mr P's car. But I don't think it reduced its value by the £7,138 Admiral has deducted. I say that because I've seen no evidence to suggest Mr P's car would need £7,138 of repairs in order to pass its MOT. The car's previous MOT didn't list any 'advisory' problems (issues that are found during an MOT test but which aren't deemed serious enough for the car to fail the MOT), so there was nothing in that to suggest Mr P's car had issues that needed to be monitored or fixed in the future. And that MOT certificate expired five months before the car was stolen, so not a matter of years in which the condition of Mr P's car might significantly deteriorate. And Mr P's car was about four and a half years old at the time of the theft, so not particularly old.

Therefore, I don't think it was fair for Admiral to deduct £7,138 from the value of Mr P's car solely for not having a valid MOT certificate. Instead, I think the £100 suggested by our investigator is a fairer deduction in the particular circumstances of this complaint.

Putting things right

To put things right, Admiral should pay Mr P a total of £71,380 for his car in settlement of his claim. But it can deduct the policy excess from this, as well as £100 because Mr P's car didn't have a valid MOT certificate. If this means that Admiral needs to make an additional payment to Mr P, it should add 8% simple interest to that additional payment from 21 July 2020 (the date Admiral offered to pay Mr P £71,380 less a 10% deduction) to the date of settlement.

My final decision

For the reasons set out above, I uphold this complaint.

Admiral Insurance Company Limited should pay Mr P a total of £71,380 in settlement of his claim. But it can deduct the policy excess from this, as well as £100 for not having a valid MOT certificate. If this means Admiral Insurance Company Limited needs to make an additional payment to Mr P, it should add 8% simple interest to that additional payment from 21 July 2020 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 January 2021.

Ailsa Wiltshire
Ombudsman