

The complaint

Mr J has complained that Admiral Insurance (Gibraltar) Limited (Admiral) undervalued his van following a total loss claim.

What happened

Following an incident with a third-party vehicle Mr J submitted a claim on his commercial motor policy. After a review, Admiral offered Mr J a total of £1,920 (incl VAT) to settle his claim as it said this represented the market value of his van.

But Mr J doesn't think this offer is fair and wants Admiral to pay what he thinks the van is worth. Mr J says to get a like for like replacement it would cost him a lot more. Mr J says his van was immaculate, as due to the nature of his job which entails carrying blood for the NHS, his van needs to be in pristine condition. He's submitted some advertisements he's found online for similar vans valued at between £3,000 and £4,500. He says it's very difficult in the current market to get a similar van, and impossible to get one for the amount Admiral is offering.

An investigator from our service looked at this complaint. The investigator was satisfied the valuation placed on the van by Admiral was fair.

But Mr J doesn't agree, and he's asked for an ombudsman to review the complaint.

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.

Having done so, I'm not upholding this complaint. I'll explain why.

Mr J is unhappy with the valuation Admiral has placed on his van. He says his van was in pristine condition and the valuation provided by Admiral is not representative of his specific van. Mr J also says that he's having great difficulty finding a van to match the condition of his van, given his job and the high-quality condition expected in order for him to carry out his role. He's also pointed to the difficulty he's currently experiencing due to the lack of similar vans on the market.

Our approach is to consider whether Admiral has settled Mr J's claim in line with the terms and conditions of his policy, fairly and reasonably. So, I've considered the terms of the policy and the offer made in order to determine whether Admiral has acted fairly. I can see that in the event the van can't be repaired, Admiral won't pay more than the market value of the van at the time of the loss.

Market Value is defined as *"The cost of replacing your car, with one of a similar make, model, year, mileage and condition based on market prices at the time of the loss. Use of the term 'market' in which you would normally shop for your car e.g. Retail value, will not apply if*

you bought your car privately or at an auction. Non-European manufactured cars will be valued based on European import values or the nearest British equivalent”.

Our usual approach to complaints about car or van valuations is to look at motor trade guides for valuing second-hand vehicles. We find these persuasive because their valuations are based on nationwide research and likely selling prices. The guides refer to advertised and auction prices to work out what the likely selling price for the same vehicle would be. This takes into account all the specifications of the vehicle as well as any extras and the mileage. If any guide's price is significantly higher or lower than the others, we may think it's reasonable to ignore it. This depends on the value of the vehicle.

Customers sometimes say the amount they've been paid is unfair because they've seen similar vehicles advertised at higher prices. But differences in mileage or year of registration can significantly affect value. Adverts may be helpful if the complaint involves a classic or rare model. Or on the rare occasion when we can't value a vehicle using the motor trade guides

And this is one of these occasions. Due to the high mileage on Mr J's vehicle, none of the trade guides are returning a valuation. The mileage on Mr J's vehicle is 274,946 miles.

So, I've ran the valuations using the highest mileage I can. Just to give me an idea of what values can be achieved. Cazana has allowed us to run a valuation on a van with 250,000 miles. This is coming in at £1,941 ex VAT. CAP is allowing us to run a valuation on a van with 180,000 miles. This is coming in at £1,950 ex VAT. But I'm conscious that these mileages are a lot lower than Mr J's van. Glass's is not providing us with anything.

Admiral has offered a value of £1,920. It had the same issues as us, so it asked an independent engineer to place a value on the vehicle. The engineer has placed a value of £1,600 ex VAT on this vehicle.

Because the trade guides aren't giving us a true picture of the value, I'm going to look at the advertisements provided by both Admiral in the independent engineer's report and Mr J. Admiral has provided us with a Parkers online valuation table showing a mileage adjusted valuation of £1,640 ex VAT. It's also provided three advertisements, all showing vans registered in 2006 with all vans coming in under 200,000 miles. The values are coming in at £1,475, £1,500 and £1,595 respectively. The lowest valuation is ex VAT. It's unclear if the other valuations include or exclude VAT.

Mr J has also provided a number of advertisements. These van valuations range from £3,000 to £4,394. They are all for vans a year younger (2007), and some are a different spec. I only have the mileage for one of the three, 172,000 miles.

It's not up to this service to place an exact valuation on Mr J's vehicle. It's our role to make sure Admiral is giving Mr J a fair price using a fair and recognised approach. I appreciate given the high mileage of Mr J's van, the usual recognised approach is not going to work here. So, we need to look holistically at all the valuations provided and see if they meet most of the criteria of Mr J's van. We can then work from there.

I appreciate that Mr J is struggling to find a van with the same spec and condition online. And I understand his argument that outside of the normal criteria that drive the price such as age, mileage, or additional extras, the national lockdown following Covid19 restrictions has had a specific impact on the sale of commercial vehicles. I'm also aware that the make and model of Mr J's van underwent an upgrade in 2006. But having looked at the spec of the upgrade and at all the examples provided I'm satisfied that all examples provided are of the

upgraded model, and as such achieving the higher price of 2006 models (with the older model being less popular).

Looking at the examples Mr J has provided I can see they are not in line with the specifications of his own van. Unfortunately, they are all a different year, and either the mileage is much lower than his van's, or not provided. So, I'm not surprised they are a higher value. And because of this I'm going to have to discount these examples as they are out of sync with the other data I've seen on file, and they're not a like for like specification of Mr J's van.

Looking at the examples, guides and advertisements provided by Admiral I can see these are closer to the specifications of the van that Mr J had, albeit with a much lower mileage than Mr J's van. I'm also mindful that Admiral asked a qualified expert to place a value on the vehicle.

I appreciate Mr J's argument that his van was in pristine condition and that the market is full of ex-builder vans that aren't suitable for his job. But I need to take into account that the policy terms will only pay the market value for a vehicle, Market value doesn't mean that the value provided will specifically be a valuation of Mr J's van. Even though I don't doubt Mr J's van was in good condition for its age and mileage. But it's accepted that the market value would reflect the condition of the van in its price. And I can see most of the examples we have on file are deemed to be in good condition. So, I'm satisfied these prices are in line with what Mr J would achieve for his van, especially when we take into account the higher recorded mileage on his van.

So, having looked at everything I've seen, using the trade guides as a guide, and putting more weight in this case on the qualified expert's opinion and the advertisements provided by Admiral, I'm satisfied that the valuation that Admiral are offering for the van, a value of £1,920 which is inclusive of VAT is fair and reasonable. As such, I won't be asking Admiral to increase its offer.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 15 October 2021.

Derek Dunne
Ombudsman