

## **The complaint**

Mr U has complained that Admiral Insurance Company Limited (Admiral) has undervalued his car following a claim on his motor insurance policy.

## **What happened**

Mr U's car was stolen and recovered but was deemed a total loss. Admiral offered Mr U £7,385 as a total loss settlement.

But Mr U wants Admiral to pay what he thinks the car is worth. Mr U says to get a like for like replacement it would cost him a lot more than what's being offered. He's supplied a large number of online advertisements and trade guide valuations to support his argument.

An investigator from our service looked at this complaint. The investigator felt Admiral hadn't made a fair offer and suggested it increase its offer to £9,373.33.

But Admiral doesn't agree, and it'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 upholding this complaint. I'll explain why.

Mr U is unhappy with the valuation that Admiral has placed on his car. Mr U has suggested that the valuations Admiral relied on didn't include the correct engine size. He says Admiral has used a 2.5 litre engine instead of 2.0 litre and he's suggested the mileage used was too high. Mr U also states the colour of his vehicle, a very specific blue should be taken into consideration as it alone would influence the price.

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

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"*.

Our usual approach to complaints about car valuations is similar to Admiral's and that 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 a guide price is significantly higher or lower than the others, we may think it's reasonable to ignore it. This depends the circumstances and 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. We wouldn't normally place as much weight on adverts to decide whether a valuation is fair. Differences in mileage or year of registration can significantly affect value. But adverts can be indicative of what's really going on in the market. And they can be helpful if the complaint involves a classic or rare model or if they strongly indicate that the guides could be wrong.

I've checked the motor trade guides for the value of Mr U's car at the time of the incident and they produced the following valuations:

Glass's £7,210, CAP £7,925, and Cazana £12,985.

Admiral has offered a value of £7,385. In its final response it provided the trade guide valuations its used, Glass's £6,774 and CAP £7,385. I'm satisfied these valuations are based on the correct engine size and mileage and Admiral says it has offered the highest valuation it found. Admiral however has also submitted a printout of both CAP and Glass valuations. And I note the figures are different, and closer to the figures I've listed above. But I'm going to assume this is because the valuations may have been run again at a later date. And we are aware that this can sometimes give a different result due to the inclusion of additional sales data.

Admiral says the figure from Cazana is substantially higher than the CAP or Glass valuation. And this would suggest the value from Cazana is an outlier and therefore should be discarded in line with Financial Ombudsman Service approach. Admiral says the car is not a classic or rare car and as such including the Cazana valuation is unreasonable.

As a service we generally use two approaches to provide a fair value using the data from the trade guides alongside all other evidence. We utilise as many trade guides as we can and use the values provided. If the values vary greatly, we might think it's reasonable to ignore any outlying valuation. Or alternatively we might take the average of all the valuations we've received. But the key is that we use an approach that feels fair. So, if there's varying valuations presented, we don't just look at the guides and decide. We'd look at everything that's been provided on the file, engineers comments, trade guides, and even advertisements, to ensure the consumer is getting a fair valuation for the vehicle.

In this case Admiral didn't use Cazana. But it's an available trade guide, so I will be considering it. Further to this I'm not convinced that the Cazana valuation, even though it's quite different to the CAP and Glass's figures, is such an outlier that it should be discounted.

I agree with Admiral that isn't a rare or classic vehicle. But it's not a standard vehicle either, and this vehicle has an appeal to a very specific genre of the car buyers' market. As such we can't just value it based on the trade guides alone. Its only right that we look at all the evidence we've been provided with.

Mr U has submitted a lot of valuations, and from what I can see most are in the form of advertisements of a similar model of this specific vehicle. But that's as far as the similarity goes. The mileages submitted are vastly varied and I can see there is a basic model which commands prices similar to what the trade guides are telling us and various modified versions of this vehicle which can command sums up to triple the trade guide prices. As the advertisements are so varied, I won't put much weight on them when making my decision.

But what the advertisements do tell me is that the spec, condition, mileage, and colour all have a major impact on the valuation of this model.

The Cazana valuation tool provides us with specific data of vehicles of similar specification that have sold in the UK. And from this information I can see that similar vehicles, from this year of manufacture, with mileages ranging from 80,000 to 100,000 all sold for between £8,000 and £13,000, in recent months. As such, I shouldn't discount Cazana, as this specific guide is supported by real prices that are representative of the car that Mr U owned and as such is not an outlier.

I also want to take into account the specific history of the car, as in this type of car this is very important. By all accounts this car had a clean MOT, a full-service history, no pre-accident damage and had a substantially lower than average mileage. According to the notes provided by Admiral it didn't have any modifications or optional extras.

So, I think I should look at everything we have and not just two specific trade guides. The criteria that drive the price are so varied, and some very specific criteria such as age, mileage, or additional extras play a big part in determining the price of this vehicle. Because of this it makes sense to rely on all the guides and also use the data provided by Mr U to make sure the valuation is fair.

But I need to stress, it's not up to this service to place an exact valuation on Mr U's vehicle. And it's also not a case of just applying an approach and sticking to it. It's our role to make sure Admiral is giving Mr U a fair valuation for his vehicle whilst taking into consideration all the evidence that's been provided and then applying the right approach. And based on the information provided from both parties, including our own findings, I'm satisfied the Cazana valuation is not an outlier, and I should include it in my consideration. I'm satisfied the three trade guide valuations we have are reflective of the market value at the time the car was deemed a total loss. So, I think the fairest approach would be to take the average of the three trade guides, which in this case is £9,373.33. This is the amount Admiral should pay Mr U for his car (less anything already paid and any applicable excess).

### **My final decision**

For the reasons set out above, my final decision is to uphold this complaint.

I require Admiral Insurance Company Limited to do the following:

- pay Mr U £9,373.33 for his car less any applicable excess. If Mr U has already received a payment, Admiral should pay the difference up to this amount.
- pay 8% simple interest on the amount owing to Mr U from the date the claim was made to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 28 October 2021.

Derek Dunne  
**Ombudsman**