

## **The complaint**

Miss T had motor insurance with Admiral Insurance Company Limited (Admiral). She complains about the value Admiral put on her car when it was deemed a “total loss” or write off.

## **What happened**

Miss T’s car was written off following an accident. Admiral valued the car at £21,450. Miss T thought the car was worth more than this, so she complained to Admiral. Admiral said it aimed to put Miss T back in the same position in monetary terms as she was in before the accident, by paying her the market value of her car. Admiral said it defined market value as the price Miss T could reasonably expect to pay on the open market on the date of the incident to replace the car with one of a similar make, model, mileage and condition. Admiral said it used the appropriate industry guides to come up with the market value of £21,450.

Miss T wasn’t happy with Admiral’s response and so she complained to this service. Our investigator didn’t uphold her complaint as she was satisfied Admiral’s valuation was fair.

Miss T wasn’t happy with the investigator’s response, so her complaint has been passed to me. Miss T wants Admiral to pay her a fair market value for the car - which she suggests would be £22,990 - and acknowledge the stress it has caused her.

## **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 Miss T’s complaint. I’ll explain why.

On 3 November I issued a provisional decision. My provisional decision said

*Miss T’s car insurance guide from Admiral said in the event of a claim, Admiral would decide whether to repair the car or pay a cash sum to replace it. Admiral said if it decided to pay a cash sum, the most it would pay would be the market value. Admiral defined market value 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.”*

*Our service has a standard approach to this type of complaint. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.*

*Assessing the value of a used vehicle isn’t an exact science. We generally find the valuations given in motor-trade guides the most persuasive. These guides are based on extensive nationwide research of likely selling prices, using advertised and auction prices.*

*Miss T’s car had some “optional extras” fitted at the factory including alloy wheels and an audio system. These optional extras will usually cost more, but this extra cost may not be*

*fully reflected in the vehicle's market value. So this service and businesses like Admiral can request bespoke valuations from a guide's editorial team where there are optional extras.*

*Admiral provided the valuations it obtained for the date of the accident as follows –*

- 1 - £19,750 including an extra £200 for the alloy wheels.*
- 2 - £19,500 with nothing extra for the alloy wheels.*
- 3 - Bespoke - £21,250 plus Admiral added £200 for the alloy wheels.*

*So Admiral put the market value of Miss T's car at £21,450.*

*Our investigator quoted the following valuations –*

- 1 - £20,988.*
- 2 - £21,450.*
- 3 - £19,500.*

*Finally, I obtained these valuations for the date of the accident –*

- 1 - returned an error so no valuation could be obtained.*
- 2 - £19,550.*
- 3 - £20,050.*
- 4 - Bespoke - £21,600.*

*This service would generally take a bespoke valuation as being the most accurate.*

*Miss T has provided a number of adverts for the same make and model of car, which she says are from around the time of the accident. We don't usually find advertisements for similar vehicles on their own very persuasive, but we do consider them, as they could indicate a problem with the guide values. A vehicle may often be sold for less than the advertised price, especially with private sales. And differences in things like mileage, year of registration, model and type can significantly affect the value.*

*The ten examples Miss T provided ranged in price from £21,795 to £24,494 with alloy wheels (average £22,520) and from £21,495 to £21,990 (average £21,745) without. None had the audio system, but I don't think this made a difference as the trade guide that provided the bespoke valuation doesn't consider it would have added to the market value of the car. All the cars were roughly the same age as Miss T's. Seven of the example cars had higher mileage than Miss T's car and three had slightly lower mileage. Miss T contacted some of the dealers selling the cars, and they confirmed that their prices are generally not negotiable.*

*Miss T says that the most similar car to hers was valued at £21,990 and the dealer confirmed the price was fixed. This car had about 4,500 more miles on the clock than Miss T's, alloy wheels and didn't have the audio system. Miss T says that, taking this into account, she would have expected her car to be advertised at £22,990.*

*I think Miss T has provided a fair sample of broadly comparable cars, and I think that the adverts do show that the guide values are likely to be too low. I don't agree with Miss T that the audio system would have made a difference to her car's value, but I agree the alloy wheels would.*

*So taking all this into account, I don't think that Admiral's market valuation was fair and reasonable. I think that a market value of £22,500 would have enabled Miss T to replace her car with a similar one at the time of the accident.*

### ***My provisional decision***

*I intend to uphold Miss T's complaint. I intend to require Admiral Insurance Company Limited to pay Miss T £1,050 (plus interest), which is the difference between Admiral's valuation and what I think a fair and reasonable valuation would have been. Miss T has gone to a considerable amount of time and inconvenience in gathering information about comparable cars. So I intend to require Admiral Insurance Company Limited to pay her £150 in recognition of this inconvenience.*

### **Responses to my provisional decision**

Miss T said

*"The decision looks fair and reasonable and I do not wish to add any further points."*

Admiral said

*"...unfortunately we are unable to agree increasing the valuation on the basis of advertised prices is reasonable. We have valued the car in line with Ombudsman Service published guidance and obtained bespoke valuations, and this is not a classic car or rare vehicle, satisfied using the guide values is correct, advertised prices are asking prices not selling prices, therefore are not indicative of what the cars sell for."*

This service issues guidance to businesses on our approach to complaints. The guidance on our approach to complaints about vehicle write-offs and valuations, updated June 2020, says

#### ***"Advertisements***

*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 much weight on adverts to decide whether a valuation is fair. Differences in mileage or year of registration can significantly affect value, and sometimes the vehicle actually ends up selling for a lower price than advertised.*

*Although, you should be aware that more recently, we've been told by some trade guides that generally cars are selling at or close to advertised prices.*

*Adverts may be helpful if the complaint involves a classic or rare model. Or if they strongly indicate that the guides could be wrong."*

I have considered Admiral's comments very carefully. However looking at the comprehensive information provided by Miss T, I think in this case the adverts do indicate that the guides could be wrong. So I won't be changing my provisional decision. But I'm not making a new rule on valuations, I'm reacting to the individual circumstances of this case.

### **My final decision**

I require Admiral Insurance Company Limited to pay Miss T £1,050 plus interest at 8% a year simple from the date the original payment was made on this claim to the date of this payment. This is the difference between Admiral's valuation and what I think a fair and reasonable valuation would have been.

If Admiral Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss T how much it's taken off.

It should also give Miss T a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Miss T has gone to a considerable amount of time and inconvenience in gathering information about comparable cars. So I require Admiral Insurance Company Limited to pay her £150 in recognition of this inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 30 December 2021.

Sarah Baalham  
**Ombudsman**