

## **The complaint**

Mr M has complained about the total loss settlement Admiral Insurance Company Limited paid when he made a claim under his car insurance policy.

## **What happened**

Mr M's car was stolen and he made a claim to his insurer, Admiral. Admiral settled Mr M's claim by paying the market value of his car at the time of loss – in line with the policy terms.

Mr M was unhappy with the total loss settlement amount and complained to Admiral. But Admiral said it had reached its valuation correctly.

Mr M asked us to look at his complaint. Our Investigator looked at the main motor trade guides in line with our approach and thought Admiral should increase the total loss settlement. But Admiral didn't agree. It says one of the valuations the Investigator relied on is out of kilter with the others and so should be disregarded.

Our Investigator thought the key valuation should be considered as the difference in comparison to the value of Mr M's car meant it wasn't out of kilter in line with our approach.

Admiral didn't agree and so the case has been passed to me to decide.

## **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.

We don't decide a valuation. But we look at whether an insurer has reached its valuation reasonably and in line with the policy.

Mr M's policy with Admiral says the most it will pay in the event of a claim is the market value of his car at the time of loss. It defines the term 'market value' 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".*

We have a long standing approach to valuation complaints. We tend to rely on the main motor trade guides which provide 'retail transacted' valuations. They are valuations based on what Mr M – or anyone – might pay for a similar vehicle at a retail garage. We find the guides can be more reliable than adverts as they are based on extensive nationwide research of likely selling prices.

We checked the main motor trade guides to see if Admiral had reached its valuation in a reasonable way.

Admiral relied on one of the main motor trade guides to reach its valuation. In response to Mr M's complaint, it looked at a second motor trade guide and found it was in line with what it had paid. So it said the settlement of £12,360 was correct.

We looked at three main motor trade guides using the 'retail transacted' valuations provided for a car of a similar make, model, age, condition and mileage as Mr M's. The valuations were; £13,300, £13,460 and £14,418 respectively. Using our approach we found the average of these guides came to £13,726.

Admiral agreed it should pay more, but didn't agree that the valuation of £14,418 should be included as it was out of kilter with the other two. It said this was in line with our approach.

Where there is a difference in one of the valuations, we look at whether this difference is significant in comparison to the market value – and we will also look at whether that difference is in kilter with adverts for similar cars at the time of loss. As an example, a difference in the valuations of £100 to £200 may be significant to a car valuation of £1,000 – but not significant to a car value of £7,000. In this case, Mr M provided an invoice receipt for what he paid for the car by way of a finance agreement less than a month before his car was stolen. The amount on the invoice is £13,750. Mr M said there were similar cars for sale for around £14,000 at the time of loss.

So – I don't think it unreasonable to include the valuation of £14,418 when deciding a fair market value for Mr M's car.

This means I think Admiral should increase the total loss settlement to £13,726 as the average of the three guides and pay the difference. It should pay interest on the difference from the date of loss to the date it pays the difference as set out below.

### **My final decision**

My final decision is that I uphold this complaint. I require Admiral Insurance Company Limited to pay the difference to bring the total loss settlement to £13,726. It should pay interest on the difference at a rate of 8% simple interest per year from the date of loss to the date it pays.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 March 2022.

Geraldine Newbold  
**Ombudsman**