

## **The complaint**

Mr G complains that, following a claim on his motor insurance policy, Admiral Insurance Company Limited haven't offered a fair value for his car after it was stolen.

## **What happened**

On 23 September 2021 Mr G's car was unfortunately stolen. He made the claim the following day with Admiral, and after receiving their offer of £4,546 he disputed it. He said he paid £7,250 just six months earlier. He also said his type of car is increasing in value quite significantly, and he actually had the car up for sale at nearly £8,000. He also provided adverts to Admiral for them to consider, showing he couldn't buy another similar car for a similar price.

Admiral said the valuation of £4,546 was fair. They explained they'd got two valuations they could use, one for £4,546, and one for £3,590 – so were using the maximum figure on one of the guides. They added this had taken into account the specific information in Mr G's car, which included the type of car, it was bought from a private seller, had a full service history, had a valid MOT with two fails in the history, had a lower mileage of 73,567 against the average of 110,000, no pre-accident damage and six previous keepers.

Unhappy with this Mr G asked us to look into things. One of our Investigators did so, and in looking at three guides the valuation offered by Admiral was less than all three. He said the valuations were £6,729, £4,675 and £5,020. He added Mr G had provided some adverts, and one of the trade guides also provided some adverts, showing the valuation was higher as well. So, even though one of the guides was significantly higher he felt it appropriate for the average of the three guides to be used on this occasion. He calculated this at £5,474, and said Admiral needed to pay this, plus 8% interest on the difference in valuation figures, and £100 compensation.

Admiral said while they agree an increase is necessary, one of the guides is clearly an outlier, and in line with our usual approach, it should be disregarded. They said this meant the new valuation would be £4,847.50 – an increase of £301.50 plus interest to Mr G, along with the £100 compensation. Our Investigator reiterated he didn't think the higher guide should be disregarded, but Admiral didn't agree.

Mr G said although our Investigators valuation was lower than his own of £7,250, he thought it fairer to both parties than Admiral's valuation. But, as they'd disagreed he wanted to provide some more evidence to explain why he didn't think the higher guide should be considered an outlier. He said this guide is owned by a company who buy cars – and they use this to value cars. He also provided a further advert showing a car similar to his up for sale at £6,800 – close to the higher guide.

## **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.

It'll help to explain that it's very difficult to value second-hand cars and it isn't the role of our service to value Mr G's car. But our general approach is that we look to assess whether the insurer's offer is reasonable.

To do this, we look at the valuations Admiral used when calculating their offer. We usually expect insurers to get valuations from motor trade guides, and use an average of those – which is what Admiral did. These are used for valuing second-hand cars. But we'll also take into account the evidence provided by both parties. This might include engineer's reports, information provided by dealers and adverts, amongst other things.

We think trade guides are generally more reliable, mainly because their valuations are based on research across the country and likely sales figures. The guides also take into account regional variations. And, Admiral are right that often we'd disregard one guide if it was significantly out of kilter with the rest of the evidence we've got to rely on. But, here, I agree with our Investigators approach and think it is appropriate to rely on the higher guide when calculating a fair figure.

I say that because the adverts Mr G has provided, both to Admiral and our service, do show some cars very similar to his with a value similar to the higher guide. So, I think there is enough evidence here to say, in effect, it's not an outlier, because there are several adverts Mr G has provided of a similar figure. I can also see our Investigator saw adverts from one of the trade guides which also showed similar figures.

With that in mind, I think it's fair for the average of the three guides to be applied. That comes out to £5,474 as our Investigator said. I also think it's fair for Admiral to add 8% interest to the difference in the original valuation, to this one. And I think compensation of £100 is appropriate, as Mr G has been put to inconvenience at having to prove his case – when all the information was readily available to Admiral.

### **Putting things right**

I require Admiral to:

- Treat the car's value of £5,474 – and pay any remaining amounts due to Mr G.
- Add 8% interest on the difference of the original valuation from the date of the first payment, to the date of settlement.
- Pay Mr G £100 compensation.

\*HM Revenue and Customs requires Admiral to deduct tax from the interest payment referred to above. Admiral must give Mr G a certificate showing how much tax they've deducted if he asks them for one.

### **My final decision**

For the reasons I've explained above I uphold this complaint and require Admiral Insurance Company Limited to carry out the actions in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 March 2022.

Jon Pearce  
**Ombudsman**