

The complaint

Mr C complained about Admiral Insurance Company Limited's valuation of his car following his claim on his motor insurance policy.

What happened

Mr C was in a serious accident which wasn't his fault. His car was so damaged that Admiral decided that it was uneconomical to repair. So they offered him £14,010, less his policy excess, for his car's market value. They said that this was in line with motor trade guides.

Mr C didn't think that was enough. He thought that Admiral hadn't valued his car correctly and that it was worth about £22,000. He said as follows. Admiral hadn't considered that his car was very rare, was in one of the last group ever made, and he'd done extensive work on it to bring it to an exceptional standard. He'd given them photographs of his car showing its condition. He had also given them opinions about its value from independent experts, and adverts showing what similar cars to his were selling for. The trade guides Admiral used weren't reliable or accurate for a car like his which was in a different market and had a different price point. He couldn't buy a replacement car of similar specification and condition for what Admiral had offered. He had lost a cherished car through no fault of his own, and he felt that Admiral were making the situation worse than it already was.

The investigator recommended that his complaint should be upheld. She thought that Admiral had acted in line with their policy terms and our stated approach in relying on the trade guides, but they should have used a different starting point. She recommended a higher figure of £17,310. Admiral didn't agree with the investigator's view, although they did increase their offer slightly. Mr C still didn't think the amount was enough. 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.

The investigator explained to Mr C what our approach was regarding complaints about car valuations. We don't decide what the market value of a car is; we merely consider whether or not the insurer has reached a fair and reasonable amount having regard to the valuations in the motor trade guides. These guides are based on extensive nationwide research of likely selling prices and we believe they give a reasonable and independent guide and take account of a number of factors including mileage, condition, and any extra features. Overall, we find them more persuasive than adverts as they contain asking prices that may be negotiated downwards. So the issue for me to decide is whether Admiral have acted reasonably in deciding the value of Mr C's car, considering their policy terms and our approach.

Mr C's car insurance policy says that market value is:

“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.”

Admiral felt that their valuation was fair. I can see that they did explain to Mr C that market value did not necessarily mean the price paid for the car or its perceived value and the amount spent on restoring or improving it may not necessarily increase its market value, particularly where the work carried out is general maintenance. They said that valuing second-hand cars was not an exact science. I think that’s fair and is in line with our approach. Admiral also explained that they’d considered all relevant information about his car and its history and condition, and in valuing Mr C’s car they’d looked at the motor trades guides. Mr C’s car did appear in the guides. Admiral took the higher of two guides and said they’d increased the amount for Mr D’s car’s low mileage for its age. They offered him £14,010 less his policy excess.

Mr C felt that his car was rare, was in exceptional condition and had an unusually low mileage for its age. I have considered the information he provided showing adverts for comparable condition cars. But advertised sale prices are not generally a reliable indicator of market value. This is because they are based on the sale price a seller hopes to achieve, not what a car actually sells for. I don’t think they reliably show what the market value of his car is, or that it was unreasonable for Admiral to rely on the guides.

He didn’t think the trade guides properly reflected his car’s value. He gave Admiral what he said were expert statements about his car and their views as to its value, which he felt supported a higher valuation. These included views from the official valuer from his car’s enthusiasts’ club, and an engineer who had formerly worked for the manufacturer and who had also worked on Mr C’s car. Mr C felt that they had experience of his car and of the market for it and their views should count for more than the trade guides as his car was in a different market.

Some cars are so unusual that they do not appear in the trade guides, but that’s not the case here. Mr C’s car did appear in the guides. So I think that it was fair of Admiral to use the guides and that’s what we’d expect them to do. I don’t think that what Mr C provided overrides the guides, but they did add to the background. And I think that Admiral should have considered that his car was not a standard model but was rare, and take that into account in how they used the trade guides.

And so I agree with the investigator’s approach. She checked that Admiral had valued Mr C’s car in accordance with our guidance, considering its model, additional features and the actual mileage. However against Mr C’s background information regarding the rarity and condition of the car, she thought that the standard valuations from the trade guides were not a fair valuation starting point. So she obtained bespoke valuations from two of the main motor trade guides, the third being unavailable. The two trade guides provided values of £15,835 and £18,786. As we believe it’s fair for an insurer to pay the average of the available valuations, the investigator thought it was fair for Admiral to offer that average, minus the excess in line with the policy terms. So she recommended that his car’s valuation be increased to £17,310.50.

Mr C didn’t agree. I do see that he lost a cherished car and that’s unfair. But although Admiral didn’t offer what he wanted for his car, I don’t think they can be said to have made things worse for him.

Admiral disagreed with the investigator’s view but did offer a slight increase based on their views about which of the guides were more accurate. But I consider that the bespoke

valuations our investigator obtained are a fair reflection of the range of the car's value, and that taking the average of those available is fair and in line with our stated approach.

Putting things right

It appears that Admiral have already paid Mr C the £14,010 less the excess. I think that they should now pay him the difference between the £14,010 and the £17,310.50, plus interest.

My final decision

For the reasons I've discussed above, it's my final decision that I uphold this complaint and I require Admiral Insurance Company Limited to do the following:

- Pay Mr C the difference between £17,310.50 and £14,010 .
- Pay Mr C interest on that difference at 8% simple 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 C to accept or reject my decision before 28 April 2022.

If Admiral consider that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr C how much they've taken off. They should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.



Rosslyn Scott
Ombudsman