

The complaint

Miss A is unhappy with the way Admiral Insurance Company Limited (Admiral) settled her claim.

What happened

In January 2021 Miss A's car was unfortunately stolen, so she made a claim on her motor insurance policy and it was declared a total loss.

Admiral said the market value for Miss A's car was £15,850 and they'd settle the claim on this basis. Miss A said this valuation wasn't fair, as based on her own research her car was worth £20,000. Admiral's position remained the same after Miss A complained. They said their valuation was based on the policy terms and two respected motor trade guides. So, they didn't think they'd done anything wrong.

An investigator at our service then considered the complaint. She didn't agree with Miss A that her car should be valued at £20,000, but she did say the price should be increased to £16,330. She reached this conclusion as she said Admiral had acted fairly by basing their valuation on two motor trade guides. But they should reasonably have offered her the average of the two suggested valuations and used the retail transacted prices.

Admiral accepted our investigator's opinion, but Miss A didn't. She said it wasn't fair to rely on the motor valuation guides in her specific case as the data set was too small. She also highlighted her car's optional added features including its heated seats and performance exhaust. Lastly, she said the cost of second hand cars had increased due to the Covid-19 pandemic and she didn't think the guides took this into account.

On 4 February 2022, I issued a provisional decision. This said I intended on directing Admiral to value Miss A's car at £20,000 and pay her £200 compensation.

Miss A accepted my provisional decision and didn't provide any comments.

Admiral requested copies of the valuations I'd considered when reaching my provisional decision. These were quickly provided, and no further comments or responses were received.

As it appears that both sides have accepted my provisional findings, I see no grounds for changing them. So, what follows is my provisional findings now made final.

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.

Admiral are required to handle claims promptly and fairly. As Miss A's car was stolen and declared a total loss, I'd reasonably expect them to provide her with its market

value.

Market value is defined in the policy wording as follows:

*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.*

Assessing the value of a used car isn't an exact science. However, like most insurers our service often finds the motor trade guides persuasive. This is because their valuations are based on nationwide research and they show likely selling prices at the month of loss. The guides also allow for the specifications of most cars to be taken into consideration including any extras. This is particularly helpful, as factors such as the age and mileage of a car can have a big impact on its value. If a guide price is significantly higher or lower than the others, we may think it's reasonable to ignore it. In some occasions, it may also be appropriate to request bespoke valuations and review car adverts to help gain an understanding of the market.

I appreciate Miss A feels it wouldn't be fair to use the motor trade guides for her car, as the data set is too small. But I'm not convinced there is sufficient grounds to support this conclusion. As I've mentioned above, the guides are based on extensive nationwide research. If a guide doesn't have enough data about a specific car, they won't provide a valuation.

I've also carefully considered Miss A's comments about the increase in selling prices of some second hand cars due to Covid-19. But I'm not persuaded this means the guides aren't a fair and reasonable way of valuing her car. I say this because the guides use a range of sources to provide the values including car adverts and auction prices. I can also see from the data in these valuations that the guides have taken into account prices advertised at the time of loss.

Admiral have already accepted they should reasonably have used the guides suggested retail transacted prices when valuing Miss A's car. So, I won't comment on this point any further, other than to say I agree. I've also referred to the retail transacted prices when consulting the guides.

As Admiral is aware, there are three motor trade guides which our service normally reasonably expects an insurer to consider before reaching a valuation. In this case, Admiral appear to have only considered two of the three guides and it isn't clear why. As the third guide is available, I've therefore checked it to see what it says. This guide values Miss A's car at £20,000.

As mentioned above, it's also possible to request bespoke valuations, these are particularly helpful in cases such as this, where the insured car had optional extra features. So, I've obtained a bespoke valuation for Miss A's car from one of the two remaining trade guides. This guide also valued Miss A's car at £20,000.

So, this means the three motor trade guides valued Miss A's car as:

- Guide one £20,000.
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- Guide two £20,000 (bespoke valuation, replacing their earlier valuation of £16,450).

- Guide three £16,210.

As the third valuation is significantly lower than the rest, and not bespoke, I think it would be fair to disregard it as an outlier. So, I'm satisfied Admiral should settle Miss A's claim using a £20,000 market value for her car.

I'd also like Miss A to know I carefully reviewed all the adverts she provided, of which there were several. While I've given more weight to the motor trade guides, these adverts were helpful and also indicated that Admiral's valuation should reasonably be increased.

Lastly, I've considered the distress and inconvenience this matter has caused Miss A. Having done so, it's clear Miss A went to a lot of trouble to evidence her point of view and this matter has caused her considerable upset. So, I'm satisfied Admiral should pay her £200 compensation to fairly reflect this.

My final decision

I uphold this complaint and direct Admiral Insurance Company Limited to do as follows:

- Settle Miss A's claim on the basis her car's pre-loss market value is £20,000.
- Pay Miss A simple interest at 8% on the settlement figure, or the difference between any interim payment and the figure I've proposed, from the date of the claim to the date of settlement.
- Pay Miss A £200 compensation to reflect the distress and inconvenience this matter has caused her.

If Admiral Insurance Company Limited considers they're required by HM Revenue & Customs to take off income tax from the above interest, they should tell Miss A how much they've taken off. They should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 21 March 2022.

Claire Greene
Ombudsman