

## The complaint

Mr G complains that Admiral Insurance Company Limited undervalued his car when he claimed on his car insurance policy.

## What happened

Mr G's car was damaged, so he claimed on his policy with Admiral. Admiral reviewed the claim and accepted it. They initially valued Mr G's car at £14,800 but Mr G said this was too low and complained. He said his car was a rare model with only around 200 ever being made. Admiral reviewed the valuation and increased it to £20,350.

Mr G said this still didn't fairly reflect what his car was worth and referred his complaint here. He also provided an opinion on the car's value from a specialist for his car. The specialist valued his car between £35,000-£40,000.

Our investigator looked into Mr G's complaint and recommended it be upheld. She reviewed the motor trade guides Admiral used but found the specialist's opinion more persuasive in this case. She therefore recommended Admiral pay Mr G £37,500 as the market value for his car.

Admiral didn't agree, it said the specialist's view were an "*opinion from a garage*". Admiral also didn't think the value given was like for like as the evidence used to reach the opinion was based on newer models or ones with lower mileage. Mr G accepted our investigator's opinion and provided more adverts for cars similar to his, but for more money. He said his car had been in storage as Admiral hadn't dealt with his claim properly and thought that given the recent adverts, he'd found Admiral had "*been let off lightly*" by being asked to pay £37,500.

I issued a provisional decision on this complaint on 31 May 2022 where I said:

*"Our service doesn't value cars. Instead we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant trade guides. I usually find these persuasive as they're based on nationwide research of sales prices.*

*Admiral said it used two trade guides to value Mr G's car, which gave values of £14,800 and £20,350. Admiral hasn't provided copies of the valuations it obtained so I've looked at the three trade guides we have access to. These provided values of £14,980, £23,921 and £24,750. Normally I would discount the £14,980 as it's significantly lower than the other two and so is an outlier.*

*However, in this case Mr G has explained his car is a rare model of which only around 200 were made. He's also provided an opinion from a garage who specialises in cars similar to his. The report Mr G has provided says:*

*"The most recent of these that have been sold, advertised or auctioned have been £35,000-£70,000, yours being of moderate mileage, we have given it a lower estimate in that price range."*

*The report then goes on to say that in their opinion a fair value for Mr G's car at the time was around £35,000 to £40,000.*

*When reviewing this report along with the trade guides, I'm inclined to find the report more persuasive. I say this because the trade guides give an opinion based on the data they have. Considering there are other similar models, but with a lower specification to this car, which sell for a lot less, and only around 200 of these particular model and specification were ever made, I'm not satisfied the guides have accurately taken into account the rarity of them.*

*Furthermore, when looking at the report Mr G provided, the specialist garage has supplied and sold these cars and also found only 36 registered as being on the road in the UK in Q2 of 2021. Mr G has also provided adverts for similar cars to his, albeit some with a lot less mileage on, or a year newer, which are being advertised for between £62,500 to £74,995. Overall I'm more persuaded by the report Mr G has provided which says his car is worth around £35,000 to £40,000. Therefore, I think a fair market value for Admiral to pay is £37,500.*

*Mr G explained that he's always wanted to keep the car and repair it. Because of this he's retained the salvage, which Admiral has valued at £7,936.50. As Mr G has retained the car, I'm satisfied it's fair for Admiral to deduct this salvage amount from the settlement. Therefore, Admiral needs to pay Mr G £29,563.50 in settlement of his claim.*

*Mr G also explained because Admiral didn't repair his car or pay him the total loss settlement. He's had no choice but to pay to keep his car in storage. As I'm satisfied Admiral didn't fairly value Mr G's car initially, he wouldn't have had to pay the storage costs but for Admiral's error. Therefore, to put Mr G in the position he would have been if his car had been correctly valued at the time, Admiral needs to refund Mr G what he's paid for storage, subject to Mr G providing a reasonable invoice for this.*

*Admiral should also add 8% simple interest per year to both of these amounts to compensate Mr G for not having the money. Also, if Admiral had correctly valued Mr G's car originally, it's likely Admiral would have repaired it. Instead Mr G has had the unnecessary distress and inconvenience of storing his car, and now has to arrange the repairs himself, Admiral should therefore compensate him for this. I'm satisfied £500 is a fair and reasonable amount for Admiral to pay to Mr G for this unnecessary distress and inconvenience caused."*

*Mr G responded and provided an invoice for the storage costs he'd incurred up until 3 June 2022 which showed he'd incurred £830 of storage costs, at a rate of £30 per week for 24 weeks.*

*Admiral responded and provided two options for Mr G, one was to agree to the market value of £37,500 but said the salvage amount would increase to £14,625 and the car would remain a salvage Category S. Admiral said if Mr G accepted this option, as a cheque for £12,413.50 had already been sent to him, it wouldn't pay interest on the amount paid from the date the cheque was sent. It clarified that the remaining balance it would pay would be £10,461.50.*

*The second option was to pay Mr G £12,413 in cash in lieu of repairs. Admiral said once Mr G showed the car had been repaired, it would remove the salvage Category S marker.*

*Admiral agreed to the £500 compensation for distress and inconvenience, but said it wouldn't agree to pay Mr G's storage costs as it was his choice to retain the salvage and he was sent a payment of £12,413 in October 2021 which would have allowed him to fix the car.*

Our service sent the two options Admiral had suggested to Mr G for him to consider. After some consideration Mr G said he didn't want to accept either of Admiral's offers, instead he said he accepted the outcome proposed in my provisional decision.

### **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've considered Admiral's response and it's not persuaded me to depart from my provisional decision. I explain why below.

Admiral has accepted the market value of £37,500 and the £500 compensation for distress and inconvenience, so I won't consider those further. Admiral though has said it would need to increase the amount deducted for Mr G retaining the salvage. I'm aware that salvage rates do vary depending on an insurer's arrangement with the salvage agents they use. However, Admiral hasn't provided anything other than it's testimony that the amount it would receive would increase to £14,625, so I'm not persuaded that's a fair amount to deduct without seeing other evidence to show that's what it would have received. I'm therefore satisfied the salvage amount of £7,936.50 mentioned in my provisional decision is a fair and reasonable amount to deduct for Mr G retaining his car.

I'll now address Admiral's point about not paying interest on the cheque for £12,413 sent to Mr G, and also not covering his storage costs as he could have used this money to pay for repairs. I've not been persuaded to depart from my findings in my provision decision. I say that because Admiral hasn't shown it made it clear this was an interim payment and wouldn't affect Mr G's complaint.

Admiral had proposed this amount in settlement of his claim and sent Mr G a cheque for £12,413, and without any explanation to say it could be cashed as an interim payment while his complaint was ongoing. I'm therefore not satisfied it's fair and reason to not cover the interest on this amount or not pay Mr G's storages costs. This is because Mr G didn't want to cash the cheque in case it affected his claim and therefore has been without this money and incurred additional storage costs, he wouldn't have had but for Admiral's error. I'm therefore not persuaded to depart from my provisional decision.

Mr G has provided an invoice which shows he's liable for storage costs of £830 up until 3 June 2022, accruing at a rate of £30pw. As these seem reasonable, Admiral needs to pay Mr G the £830 storage costs he's already incurred, plus any additional storage costs he's charged at £30pw up until the date it makes settlement. Interest would only need to be applied to this amount if Mr G has paid the storage fees as it is to compensate him for not having the money.

### **My final decision**

For the reasons explained above and in my provisional decision. My final decision is that I uphold this complaint. I require Admiral Insurance Company Limited to pay Mr G:

1. £29,563.50 in settlement of his claim, as the amount payable after the salvage value of £7,936.50 has been deducted from the market value of £37,500. Minus the policy excess, if applicable.
2. The £830 he's been charged for storage up until 3 June 2022, plus any additional storage costs he's charged from this date, at a rate of £30pw, until the date settlement is made

3. £500 for distress and inconvenience

Admiral Insurance Company Limited also need to add 8% simple interest per year to 1 and 2 above to compensate Mr G for not having the money. Number 1 should be calculated from the date of claim until the date settlement is made and number 2 calculated from the date Mr G has paid it until the date settlement is made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 22 August 2022.

Alex Newman  
**Ombudsman**