

## **The complaint**

Mr M complains that Admiral Insurance Company Limited hasn't offered a fair settlement for the total loss of his vehicle after a claim was made on his motor insurance policy. He's also unhappy with the way his claim has been handled.

## **What happened**

In April 2021, Mr M was involved in a road traffic accident which caused damage to his vehicle. So he made a claim on his motor insurance policy, underwritten by Admiral.

Admiral determined that the vehicle was a total loss and made an offer to settle the claim. But Mr M was unhappy and raised a complaint, the main points of which are as follows:

- The settlement offer is too low, and Mr M can't replace his car for the amount offered. Adverts for similar vehicles show the car is worth more and Admiral's own website calculates the cost at a far greater value.
- The vehicle was taken without Mr M's approval after he'd indicated he wanted to retain the salvage.
- There have been delays with the claim and poor customer service provided.
- Due to the amount of time Mr M was left without a vehicle or the settlement value, he's had to hire cars for work and essential journeys leaving him financially out of pocket.

Admiral upheld elements of Mr M's complaint. It said there had been delays and poor customer service, and it had taken the vehicle after Mr M had asked it not to. It offered £50 compensation for what went wrong and offered to return the salvage to Mr M waiving the redelivery fee of £138.

But Admiral didn't agree with Mr M's other complaint points. It said the policy would only pay the market value of the vehicle at the time of the loss which, according to the motor trade guides, was £4,056 minus the policy excess of £600. It said the valuation tool on its website was for finance / loans and not for calculating the market value.

As Mr M was unhappy with this response, he brought his complaint to our service. And our investigator upheld it. She obtained her own quotes from the motor trade guides and felt that a more appropriate settlement figure would be £4,953, minus the policy excess. She asked Admiral to pay the difference plus 8% simple interest.

Our investigator was also of the opinion that Admiral should pay the costs of Mr M's hire vehicles, as she considered that had it not been for the claim delays, he wouldn't have needed to hire vehicles and would've purchased a replacement instead. She recommended Admiral pay £100 compensation for the overall failings in the claim.

Mr M was still of the opinion that the settlement offer was too low. And Admiral didn't agree that it should be responsible for the hire charges. As our investigator was unable to resolve things, the complaint was passed to me, and in May 2022, I issued a provisional decision as follows:

#### *"Settlement offer*

*The terms and conditions of Mr M's motor insurance policy say that it will cover the insured vehicle if it's damaged in certain circumstances. It says Admiral will either repair the vehicle or pay a cash sum to replace it, limited to the market value of the vehicle.*

*The policy defines the 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."*

*In Mr M's case, his vehicle was deemed a total loss after the accident. So Admiral offered a cash sum of £4,056 minus the policy excess, which it said was the higher valuation provided by the motor trade guides.*

*But our investigator obtained her own valuations from the three main guides which placed the market value at £4,980, £4,925 and £6,852. I agree with our investigator that the higher of the three valuations appears to be an outlier. I say this because the first two valuations are very close and the third is a lot higher. So I'm more persuaded that the first two are a fairer reflection of the market value.*

*With that in mind, I intend to direct Admiral to pay the average of the first two valuations, which stands at £4,953. Admiral is entitled to deduct the policy excess from the settlement.*

#### *Salvage*

*In May 2021, Mr M informed Admiral that he wanted to keep his vehicle – at least until a valuation had been agreed. But Admiral says that when it was unable to get hold of him in June 2021, arrangements were made to collect it.*

*In its final response letter, Admiral upheld this element of the complaint. And it said if Mr M still wants the salvage, it would return the vehicle to him waiving the £138 redelivery fee.*

*It's not clear if Mr M accepted this offer or not. But I'm satisfied that it was a fair offer in resolution to this part of the complaint. I say this because it would've put Mr M back in the position he would've been in had Admiral not collected the vehicle against his wishes. As such, I'm not persuaded that any compensation is warranted in respect to this part of the complaint.*

*I'm not aware of whether this offer would still be available as I don't know if Admiral still has the salvage – especially given that the offer was made in August 2021. If Mr M didn't accept the offer at that time, I don't think it's unreasonable for Admiral to have disposed of the vehicle. But if Admiral do still have it and Mr M still wants it, then Admiral should return the vehicle and deduct the salvage amount of £892.32 from the settlement.*

#### *Claims handling*

*Mr M complains about the length of time it's taken Admiral to deal with his claim and the poor customer service provided by its staff. Admiral don't dispute that there's been a failing here and it offered £50 compensation to put things right.*

*Our investigator didn't think this offer went far enough to recognise the impact Mr M experienced. She said it took Admiral six months to settle the claim and during that time Mr M was without a vehicle and had to hire cars. She's asked Admiral to reimburse Mr M's hire charges and increase its compensation offer to £100.*

*Having reviewed the file, I can see that Mr M made his claim to Admiral on 30 April 2021. Admiral contacted the third party and considered liability. During that time, it arranged an inspection of the vehicle and concerns were raised over the tyre tread depths. Further investigations were made to determine whether this contributed to the accident and the roadworthiness of the vehicle, which may have impacted cover under the policy. Admiral say it issued a payment to settle the claim on 10 June 2021 – 41 days after the claim was made.*

*I understand Mr M says he didn't receive this payment, which was sent via cheque. He says he moved home twice around this time and notified Admiral of his new addresses. But Admiral say it was only notified of an address change on 9 August 2021 and it was only notified that Mr M hadn't received the cheque on 31 August 2021.*

*Based on this information, I'm not persuaded there's been any major delays here. The claim was settled in 41 days which isn't unreasonable. And whilst there is some discrepancy over whether the cheque was sent to the correct address, I haven't seen anything to show me that Mr M changed his address with Admiral prior to the date the cheque was sent or that he'd notified Admiral that he hadn't received it. I can see that once Admiral were notified of this, it cancelled the cheque and issued another one to Mr M's new address, which I understand was received and deposited.*

*Admiral has agreed to pay the increased compensation of £100 and I understand this also reflects some poor customer service from its staff. So overall, I think it's fair that Admiral pay this amount.*

#### **Hire charges**

*As Mr M's vehicle wasn't repairable, he wasn't covered for a courtesy car under the policy. I appreciate this left him without a vehicle whilst his claim was being considered. But our service wouldn't expect an insurer to pay for a hire car in these circumstances as this isn't something that the policy provides.*

*I haven't identified any major delays on Admiral's part which would persuade me to deviate from this approach and direct Admiral to pay for something that the policy doesn't offer. So I'm not inclined to award any hire charges."*

#### **Responses to my provisional decision**

Both Mr M and Admiral have accepted my provisional decision. Mr M doesn't appear to want the salvage any longer, and has asked that Admiral pay the awarded amount by bank transfer rather than cheque.

#### **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.

As both parties have accepted, I see no reason to deviate from the outcome explained in my provisional decision.

### **My final decision**

For the reasons explained, I uphold this complaint in part and direct Admiral Insurance Company Limited to:

- Increase the claim settlement to £4,953.  
Admiral is entitled to deduct the policy excess along with any payment it has already made towards the market value. It should pay 8% simple interest per year on the remaining balance from the date the initial settlement was made to the date this is paid.\*
- Pay compensation of £100  
This is in recognition of the delays and poor customer service Admiral had identified in its complaint response. It can deduct any compensation amount it has already paid toward this.

\*If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Sheryl Sibley  
**Ombudsman**