

The complaint

Mr M says Admiral Insurance (Gibraltar) Limited didn't pay him enough for his written-off car when he made a claim on his motor insurance policy.

What happened

Admiral initially offered Mr M £2,685. He said his research showed similar cars advertised for sale from £3,994 to £7,000. He said his car had low mileage and that second-hand car prices had risen substantially due to the pandemic. Admiral said in its final response letter that it had relied on one of the national trade guides to arrive at a market value offer for the car. It said it had reduced the sum offered as the car didn't have a full service-history, that was bought from a private seller and that it had one past MOT fail.

One of our investigators reviewed Mr M's complaint. She noted that the car had a full service-history. She said we don't think it's fair to reduce a settlement sum because a car is bought from a private seller or has an MOT fail in its history. The investigator looked at two other national trade guides, plus the adverts provided by Mr M. Two were for cars similar to his (registered in 2010, but with slightly more mileage) advertised at £4,577 and £5,000. The investigator thought that they – and all the guides' valuations – should be taken into account.

By then, Admiral had accepted it should have offered Mr M £3,610 for his car (based on two of the guides) and it had also offered him £100 compensation. But the investigator thought the valuation should be £4,131.80, based on the figures quoted in three of the trade guides, and taking the two adverts into account. She proposed that Admiral should pay the difference between that sum and the sum it had already paid Mr M, with interest (plus the £100 compensation). Mr M agreed with that, but Admiral said it didn't think the adverts were persuasive, as they didn't show sales prices. It said it would pay Mr M the average of the sums quoted in the three trade guides (£3,694) plus interest and £100 compensation.

As there was no agreement, the complaint was passed to me for review. I issued a provisional decision in which I proposed that Admiral should pay Mr M £3,909.75 for his car. I said I thought it should have paid him £3,694 initially, based on the three trade guides. But I also thought that in this particular case it would be fair and reasonable to take into account the lower-priced of the two 2010-registered cars Mr M had seen advertised. I noted that the two 2010 cars (plus all the older, 2009-registered cars he found advertised) had higher mileage than his car - yet were for sale at significantly higher asking prices. I thought the range of asking prices as a whole suggested that Mr M's car was probably worth more than £3,694 - and I noted that the investigator found a higher valuation in one of the guides.

Mr M accepted my provisional findings. Admiral said the trade guides were consistent and the prices for the other cars were only asking prices. It thought its offer of £3,694 was fair and in line with our guidelines.

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.

We don't usually find advertised prices persuasive - and I agree that the guides' figures are consistent. But in this case, all but one of the advertised prices is significantly higher than the trade guide valuations - for cars with higher mileage. I haven't said Admiral should pay Mr M the asking price of a 2010 car. But I think it would be fair and reasonable in this instance to include one of the advertised, higher prices in the valuation calculation, as the prices shown across all the adverts suggests that Mr M's car is worth more than £3,694. Doing so produces an amount that's still well under £600 less than the lower-priced 2010 car, which I think is reasonable.

Taking everything into account, I'm still of the view that Admiral should pay Mr M £3,909.75 - plus interest on the amount between that and the sum it offered him initially. It should also pay him the £100 compensation already offered.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- Pay Mr M £3,909.75 for his car
- Add interest to the sum between that quoted above and the sum initially offered to Mr M, at the simple yearly rate of 8%, from the date of the offer to the date of settlement
- Pay Mr M £100 compensation, as already offered

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 November 2022.

Susan Ewins
Ombudsman