

The complaint

Mr Z complains that Admiral Insurance Company Limited mishandled his claim on a motor insurance policy.

Where I refer to statements by Mr Z, I include statements by his mother on his behalf.

Where I refer to Admiral, I refer to the above-named insurance company and I include engineers and others insofar as I hold Admiral responsible for their acts or omissions.

What happened

The subject matter of the claim and the complaint is an executive saloon car, first registered in 2017.

On about 28 October 2021, the car had a recoded mileage of about 47,000 miles. Mr Z agreed a price of £23,000.00. He paid a deposit and acquired the car subject to an agreement with a finance company.

For the year from 6 November 2021, Mr Z insured the car on a comprehensive policy with Admiral. He was the policyholder. His mother and another family member were named drivers. The policy schedule contained Mr Z's estimate of likely annual mileage of 10,000 miles.

Unfortunately, Mr Z reported that someone had stolen the car on 13 January 2022.

Admiral said its pre-theft valuation of the car was about £21,000.00. Mr Z complained to Admiral that the mileage had been about 47,400 and that a replacement car would cost £24,000.00 to £26,000.00.

Admiral estimated the car's pre-theft mileage as 49,110 miles. Admiral increased its pre-theft valuation of the car to £21,140.00. Admiral made payments to the finance company and into Mr Z's account.

By a final response dated 15 February 2022, Admiral turned down the complaint. It said it had used the higher of the following trade guide valuations:

CAP	£20,950.00
Glass's	£21,140.00

Unhappy with that, Mr Z brought his complaint to us within a few days.

our investigator's opinion

Our investigator recommended that the complaint should be upheld. He said that he'd found the following trade guide valuation:

Cazana £22,279.00

He thought that it was not an outlier – but it likely represented a more accurate valuation of the vehicle. He recommended that Admiral should:

1. increase the valuation figure to £22,279.00; and
2. add 8% simple interest to the balance payable, from the date of the interim settlement to the date of payment.

In response to the investigator's opinion, Admiral made an increased offer.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr Z and to Admiral on 9 September 2022. I summarise my findings:

Admiral's current offer of £21,456.00 is well within the range of the trade guide figures. Indeed, it is slightly above the average of those figures. So I was minded to find it fair and reasonable to hold Admiral to that offer, but not to direct Admiral to increase it.

Subject to any further information from Mr Z or from Admiral, my provisional decision was that I upheld this complaint in part. I intended to direct Admiral Insurance Company Limited to pay Mr Z:

1. a further £316.00 in settlement of his claim; and
2. simple interest on that amount at the yearly rate of 8% from 2 February 2022 to the date of its payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr Z how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr Z hasn't responded to the provisional decision.

Admiral agreed with the provisional decision.

I see no reason to change my view.

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 Financial Ombudsman Service expects insurance companies to assess market values of vehicles by reference to retail prices in the motor trade guides. The guides are based on extensive nationwide research of likely selling prices.

If one guide is significantly out of line, we'd generally consider the other guide values closest together to give a good indication of the likely pre-loss market value. And we'd normally agree the insurer's valuation is fair if it is in the range of the other guides. But, if there's an even spread between all of the guides, then a valuation within that range would generally be reasonable.

Advertisements for sale usually contain an asking price that is subject to negotiation downwards. So we place less weight on advertisements as evidence of likely selling prices.

I've checked that Admiral had the correct details for the make, model, specification and age of Mr Z's car. In the absence of the vehicle and direct evidence of its recorded mileage, I don't find it unreasonable that Admiral estimated 49,110 miles.

For a vehicle like Mr Z's in good condition in January 2022, I've seen retail prices in the trade guides.

Based on a mileage of 49,110 miles, the figures are as follows:

CAP	£20,750.00
Glass's	£21,140.00
Cazana	£22,279.00

The CAP and Glass's figures form a very narrow range. I consider that the Cazana figure is not so much higher that it is an outlier.

I keep in mind that Mr Z had agreed a price of £23,000.00 in late October 2021.

However, Admiral's current offer of £21,456.00 is well within the range of the trade guide figures. Indeed, it is slightly above the average of those figures. So I find it fair and reasonable to hold Admiral to that offer, but not to direct Admiral to increase it.

Incidentally, based on a mileage of 47,000 miles, the figures would be as follows:

CAP	£21,000.00
Glass's	£21,280.00
Cazana	£22,367.00

So, based on a mileage of 47,000 miles, I would still consider that Admiral's current offer of £21,456.00 is well within the range of the figures.

I've thought about directing Admiral to pay Mr Z compensation for distress and inconvenience. But I consider that its current offer of an increased valuation is enough to put things right.

The policy schedule said that in the event of a theft claim, the excess would be £350.00.

From Admiral's file, I see that it has made payments as follows:

to the finance company	£16,719.99
to Mr Z	£ 3,930.01
to Mr Z	£ 140.00
total	£20,790.00

So I'm satisfied that Admiral paid the claim as follows:

Valuation	£21,140.00
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Less excess	£ 350.00
Total	£20,790.00

Putting things right

Admiral has said that its current offer will mean an increase of £316.00 plus interest. I agree with that figure and I find it fair and reasonable to direct Admiral to pay interest at our usual rate.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance Company Limited to pay Mr Z:

1. a further £316.00 in settlement of his claim; and
2. simple interest on that amount at the yearly rate of 8% from 2 February 2022 to the date of its payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr Z how much it's taken off. It should also give him a certificate showing this 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 Z to accept or reject my decision before 9 November 2022.

Christopher Gilbert

Ombudsman