

## **The complaint**

Mr H has complained about the amount Admiral Insurance (Gibraltar) Limited have paid in settlement of his claim under his motor insurance policy.

This complaint was originally set up as about Admiral Insurance Company Limited, but Mr H's policy is underwritten by a consortium of insurers led by Admiral Insurance (Gibraltar) Limited. So, I've changed who the complaint is about to Admiral Insurance (Gibraltar) Limited.

## **What happened**

Mr H's car was stolen from outside his house and he made a claim under his policy. Admiral agreed to pay the claim. This would normally have meant them paying the market value of Mr H's car at the point it was stolen, less the policy excess. However, Admiral deducted 10% from the market value (£2,840) because Mr H's car didn't have a current MOT certificate at the time it was stolen.

Mr H complained to Admiral about this, but they wouldn't alter their stance. So Mr H asked us to consider his complaint. One of our investigators did this and said that Admiral should only have deducted £200 for the lack of a current MOT certificate. And she suggested they pay him the difference between this and what they'd deducted, plus interest.

Admiral didn't agree with the investigator and asked for an ombudsman's decision. I reviewed Mr H's complaint and wrote to Admiral to explain why I thought the outcome suggested by our investigator was fair and reasonable. I said that I didn't think the lack of a current MOT certificate would have much impact on the market value of Mr H's vehicle, as it was serviced just before it was stolen.

Admiral still won't agree to pay the additional amount suggested by the investigator. They believe the lack of a current MOT certificate would have a much bigger impact than I've suggested.

## **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.

Mr H's policy says that Admiral have to pay the market value of his car, less the policy excess if it is stolen and not recovered. The market value is defined as the cost of replacing the insured vehicle with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened. It says the use of the term 'market' refers to where the vehicle was purchased. The policy also has a condition which says the insured vehicle must have a current MOT certificate. And the policy goes on to say failure to comply with this condition could affect the amount the policyholder is entitled to claim.

This means that there is nothing explicit and clear in Mr H's policy setting out exactly what will happen if at the time of his claim his vehicle doesn't have a current MOT certificate.

However, I'm satisfied that it is fair and reasonable for Admiral to make some sort of deduction. But I think this must reflect the likely impact of the lack of a current MOT certificate on the market value of Mr H's vehicle at the time it was stolen. Admiral has argued that the lack of a current MOT certificate would mean it would cost 10% less to buy a vehicle of a similar, make, model, year and mileage as Mr H's. But I don't agree. I don't think the lack of a current MOT certificate would have much impact on the cost of a car, which is not particularly old and had been serviced quite recently.

It is – in reality – difficult to know how much difference the lack of a current MOT certificate would make, as cars like Mr H's don't generally sell in the retail or private sale markets without one. But I think – if they did – the impact would be minimal and not much more than the cost of having an MOT carried out. It is difficult to know exactly how much, but I'm satisfied it wouldn't be more than £200. I appreciate this is only my opinion, but in deciding the fair and reasonable outcome to this complaint, I have to reach a view on this issue. And my opinion is based on my own experience of the motor industry and the comments of others that are involved in it or with motor insurance claims.

### **Putting things right**

It follows that I think to put things right Admiral should pay Mr H the difference between what they deducted from his claim for the lack of a current MOT certificate and £200, which is £2,640. They will also need to add interest at 8% simple per year<sup>1</sup> to this amount from the date they paid the previous amount in respect of Mr H's claim to the date they pay him the extra amount due.

### **My final decision**

For the reasons set out above, I've decided to uphold Mr H's complaint about Admiral Insurance (Gibraltar) Limited. And I order Admiral to do what I've set out in the putting things right section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 January 2023.

Robert Short  
**Ombudsman**

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<sup>1</sup> Admiral must tell Mr H if they have made a deduction for income tax. And, if they have, how much they've taken off. They must also provide a tax deduction certificate for Mr H if asked to do so. This will allow Mr H to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.