

## **The complaint**

Mr H is unhappy with how Admiral Insurance Company Limited handled a claim under his motor insurance policy.

## **What happened**

Mr H called Admiral in April 2022 because his car had been damaged. Admiral said it wouldn't be economical to repair the car and wrote it off. It valued the car at £1,895.

Mr H complained. He felt as though Admiral had talked him out of getting the car repaired and he didn't think the valuation was anywhere near the market valuation. He was also unhappy with the service provided by Admiral. In reply, Admiral accepted its communication with Mr H had been poor. He'd had to chase for updates and it hadn't called him when it said it would. It also accepted it had delayed in dealing with his complaint. It apologised and gave Mr H £200 for the trouble and upset caused. But it didn't feel as though it had tried to convince Mr H not to repair his car. And it thought the valuation was fair. Mr H wasn't happy with this response and so brought his complaint to this service.

Our investigator thought the £200 Admiral had offered for the poor service it had identified was reasonable. But he didn't think Admiral's valuation was fair. He said the Cazoo guide had given a valuation of £4,806 and he thought Admiral should therefore increase its offer to £3,350, which was the average of that valuation and the valuation reached by Admiral. He also thought Admiral should add 8% interest to that payment.

Admiral didn't agree with our investigator's view. It said the Cazoo valuation was based on a vehicle with less than half the mileage of Mr H's car and it couldn't understand how that could be considered as viable evidence. As Admiral disagreed with the investigator's view, the complaint has been passed to me to make a final 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.

### *Valuation*

I should explain that it's not my role to value Mr H's car. This service's approach is to assess whether the insurer's offer is reasonable. This is a subtle distinction but it's an important one. And in looking at whether Admiral has acted fairly and reasonably, I must bear in mind that valuing a car isn't an exact science.

Our service has a long-established approach to car valuations. It looks at the valuations given by the specialist on-line motor trade guides, as well as considering other information such as adverts. But we tend to find the guides most persuasive as they're based on research across the country and work out the likely retail selling price rather than advertised asking prices.

In this case, Admiral said it couldn't get a valuation from the online guide it usually used due to the age and mileage of Mr H's car. So, it instead asked an independent assessor to provide a valuation. The assessor valued Mr H's car as £1,895. I can see that they used photographs of the damaged vehicle to reach that valuation but otherwise it's not entirely clear from the report they prepared how they arrived at that amount.

Our investigator also found he couldn't get valuations from several of the online guides this service usually uses due to the age and mileage of Mr H's car. But he did manage to get a valuation from Cazoo, which was for £4,806. That's a significant difference from the valuation given by the independent assessor. Admiral questioned the valuation, saying it seemed to have been based on one vehicle that had been sold with a mileage less than half of Mr H's car. But I think that's a misunderstanding of the Cazoo valuation, which is based on extensive nationwide research of advertised prices from all the different sales channels. It's not based on just one sale. Nonetheless, the difference between the valuations is significant and as we have only two valuations, I've also looked at other sources to help decide a fair valuation.

As I've said above, we don't usually find advertised prices persuasive, as they're not selling prices, although I think it's worth noting that increasingly we're hearing that cars are selling either for, or close, to their advertised price due to recent changes in the market. In any event, in the absence of any other evidence, I looked for adverts of vehicles of a similar specification and similar age and mileage to Mr H's vehicle. There were very few of the same age but there were newer vehicles with similar or greater mileages. Those were advertised between £2,800 and £3,995, although they were several years newer than Mr H's vehicle. Even more modern vehicles with similar mileages were advertised between £4,995 and £8,950. I've also seen vehicles of a similar age to Mr H's with advertised prices lower than the valuation offered by Admiral. But generally speaking, those vehicles were not in as good a condition as Mr H's vehicle. While not conclusive, I think the prices shown across all the adverts I've seen suggest that Mr H's vehicle is worth more than the £1,895 offered by Admiral. But not as much as indicated by Cazoo.

As I've said, valuing a car isn't an exact science. But, from what I've seen, I'm not persuaded the valuation Admiral gave Mr H is fair and reasonable. Our investigator thought an average of the two valuations would be a reasonable way of resolving this matter. And, in the unusual circumstances of this complaint where we have so few reference points, I think that's a fair approach to take.

### *Claim handling*

Mr H also complained about several aspects of the way Admiral handled his claim. He felt as though Admiral had talked him out of getting his vehicle repaired. I've listened to the call Mr H made to Admiral when he made his claim and I think the call handler explained the options open to him clearly and thoroughly. It was clear that Mr H wasn't sure whether to get the vehicle repaired himself or pursue the option of a settlement, and he wanted time to think about that. But I don't think Admiral tried to persuade him to accept any particular option over another.

Mr H was also unhappy that Admiral cancelled his policy without notifying him, leaving him driving his vehicle uninsured for two days. He said call backs weren't made as promised, and Admiral continued to email him instead of calling him even though he told them he preferred the latter. He also wasn't happy with the delay in handling his complaint. Admiral has accepted it provided a poor service and offered to pay Mr H a total of £200 for the trouble and upset, and inconvenience, this caused. I think it was right that Admiral acknowledged its shortcomings and, in the circumstances, I think the amount it offered is fair and reasonable.

## **Putting things right**

As I've said above, I don't think Admiral's valuation of Mr H's car was fair. I think a more reasonable valuation would be based on an average of Admiral's valuation and that provided by Cazoo. That gives an amount of £3,350.50. I also think Admiral should add 8% interest to the difference between that sum and the initial sum offered by Admiral. Further, Admiral should pay Mr H the £200 it offered him for the poor service it provided if it hasn't done so already.

## **My final decision**

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

- pay Mr H £3,350.50 for his car;
- add interest to the sum between that quoted above and the sum initially offered to Mr H, at the simple yearly rate of 8%, from the date of the offer to the date of settlement<sup>1</sup>;
- pay Mr H £200 compensation if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 February 2023.

Richard Walker  
**Ombudsman**

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<sup>1</sup> If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.