

## The complaint

Mr C is unhappy about the amount Admiral Insurance Company Limited paid in settlement of a claim he made on his motor insurance policy.

## What happened

Mr C had a car insurance policy with Admiral, and he made a claim when the car was involved in an accident. Admiral's engineer deemed the car a total a loss. It had an independent assessor value the car and they priced it at £5,620. Mr C decided to retain his car, but he wasn't happy with the valuation or with the way Admiral handled his claim, and so he complained.

Admiral accepted there were unnecessary delays to Mr C's claim, it also acknowledged he had been given incorrect information at times. It paid Mr C £150 compensation for the trouble and upset it caused him. However, it thought its valuation of Mr C's car was correct.

Mr C brought his complaint to us. He said his car was imported from Japan, and at the time of the claim there were only two cars on sale that were comparable and were also Japanese imports. He said both were priced significantly higher than Admiral's valuation. Mr C didn't think the independent assessor's report on the condition of his car was accurate. He said his car is rare and the valuation guide the assessor had used, wouldn't be a suitable way to gauge its market value.

Our investigator didn't think the complaint should be upheld. She said adverts don't tend to be good evidence of likely selling prices. she thought the comments in the assessor's report were the assessor's opinion on the car and she couldn't say it was incorrect. Our investigator also thought the bespoke report and the valuation was reasonable.

Mr C didn't accept our investigator's opinion for the following reasons:

- He said he was unhappy with Admiral's behaviour throughout the claims process.
- He thought the photographs he provided Admiral demonstrated the excellent cosmetic condition of his vehicle. He also said he has records detailing the strict mechanical maintenance his vehicle has been subject to.
- He said in the absence of any other type of evidence on the value of a rare car such as his, he doesn't see any choice other than to look at sale prices of cars of the same specification.
- He also said at the time of the claim, there were no cars of the same generation available in the UK for sale priced anywhere near Admiral's settlement figure.
- Mr C provided a report from an independent engineer who valued the car at £10,950.

Our investigator sent Mr C's engineers report to Admiral, but it didn't change its valuation.

As no agreement could be reached, the complaint was passed to me to decide.

I issued my provisional decision on 7 September 2022, in which I explained that I had consulted car valuation guides, but I wasn't able to obtain a valuation for Mr C's car from the guides. Based on the advertised prices I'd seen for the closest UK registered version of Mr

C's car, I didn't think Admiral's valuation was fair. I thought a fair base valuation would be  $\pounds$ 7,500. And I thought it was reasonable for Admiral to deduct 10% from this figure because Mr C's car was imported.

Admiral accepted my provisional decision, but Mr C didn't agree for the following reasons:

- He said the adverts he provided represented the only comparable replacement available in the UK at the time of the accident. Both were of a lower specification but were imports.
- He said my search for similar cars on sale has been carried out just under a year after the accident, and there have been changes to the market. He said he also did another search and found a comparable car, which has been imported from japan for £7,999, however this was not the case at the time of the accident.
- Mr C said that there are no differences between the Japanese model and the UK model of his car, other than the number plate attachments and in-car system which displays the distance travelled in kilometres instead of miles. He said cars like his attract a premium when sold in the UK. So, he thought it would be more reasonable to add 20% to 30% more on the price of a UK equivalent.
- He also said that because Admiral undervalued the car, it was declared a total loss, when it could have been repaired.

Admiral explained that following its engineer's inspection of the car, it calculated an estimated repair cost of £3,775.42. It said its decision to write off the car was based on its engineer's repair estimate in comparison to the independent assessor's valuation of the car. Admiral also agreed to a further increase to the base valuation from the £7,500, I suggested in my provisional decision, to a base valuation of £8,000. But it said it would still deduct 10% because Mr C's car was imported.

I issued a second provisional decision on 19 December 2022 in which I said:

"Firstly, I'd like to reassure Mr C that I've considered everything he and Admiral have said. But I haven't addressed all his comments here, instead I've focused on addressing what I think is key to the decision I've reached.

Having considered the repair costs its engineers gave, I must agree with Mr C, had his car been valued fairly in the first instance, I think its unlikely Admiral would have treated it as a total loss. However, Mr C accepts we can't ask Admiral to treat the car as repairable and remove the total loss marker, but also pay the car's market value. He confirmed he would accept a fair valuation of his car in settlement of his claim. This mean I won't ask Admiral to remove the total loss marker it recorded. He also confirmed he accepted Admiral's compensation in settlement of his complaint regarding its communication and the delays it caused. So, I won't comment further on these aspects of his complaint. Instead, I've focused on the matter which remains unresolved and that is the total loss value Admiral placed on the car.

As I said in my provisional decision, I don't think Admiral's initial valuation was fair. As it was unable to obtain a valuation from the guides, I think it's reasonable for it to have asked for an independent assessor to provide a bespoke valuation for it. But as I said, I don't think there is enough evidence to support the value they place on the car. I've also considered Mr C's independent engineer's report and their valuation of £10,950. I don't find they've provided evidence to support this figure or an explanation of how they arrived at it. Furthermore, both Mr C's and my research did not find similar cars supporting this value.

I've taken all the adverts Mr C provided for similar cars into consideration, both previously and the most recent adverts he has provided. These ranged from £8,495 to £10,000.

However, the adverts say the prices are inclusive of shipping and import duties, UK registration, UK number plates, oil and filter service and other charges. I find these are uninsured losses- costs the policy doesn't cover. As the policy requires Admiral to pay the car's market value, I can't reasonably expect it to cover these additional costs. So, I would have to consider that these costs would need to be deducted from the prices shown in the adverts.

I also carried out my own research, and I have since carried out a further search and I found similar cars priced between £7,050 and around £10,000. I accept there may have been changes in the market, but as I said previously, the valuation of a used car isn't an exact science, so I must rely on all the information available to me, including Mr C's adverts. I think it is also worth pointing out that we've found in many cases the price of second-hand cars has increased in the last year due shortages of cars in the market. Taking all the above into consideration, I think £8,000 is a fair base valuation for his car. Even if Admiral were to rely solely on the adverts Mr C provided at the time, taking into account that deductions would need to be made from the prices shown, I think this base valuation is fair.

*Mr* C doesn't think it's reasonable to make a deduction from the car's value because its imported. He says cars like his attract a premium because it is a European manufactured car which has been imported from Japan. Even if I were to accept what Mr C says, I can see the adverts he provided are for cars that are considered "fresh" imports. It's worth noting that at the time of the loss, Mr C's car would no longer have been considered a newly imported car or a fresh import. So, wouldn't be of comparable value to the adverts he provided.

I accept the difference between the UK model and Japanese model of Mr C's car are minimal, but there are still some differences. Mr C also acknowledges that the differences included the in-car system which records the distance travelled in kilometres rather than the UK standard of miles. On balance, I think an average consumer is likely to take these differences and the fact the car was previously an import into consideration when deciding whether to buy it and comparing it against a non-imported car. As such, I don't think it's unreasonable for Admiral to make a deduction of 10% from its valuation to factor in that the car was imported and isn't a standard UK model.

Factoring in this deduction, I think Admiral should therefore increase the valuation of Mr C's car to £7,200. It should pay him the difference between this figure and its initial settlement value of £5,620, less any resulting increase to the salvage value of the car. It should also pay Mr C 8% simple interest per annum on the difference from the date it paid him its original settlement to the date the increase is paid. While this isn't the amount Mr C would like, I think this value is fair."

Mr C accepted my provisional decision and Admiral didn't make any further comments.

## 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 neither party provided additional comments for me to consider, I see no reason to depart from what I said in my provisional decision on 19 December 2022.

## My final decision

For the reasons I've mentioned. I uphold this complaint and require Admiral Insurance Company Limited to:

- Increase its valuation to £7,200. It should pay Mr C the difference between this figure and its initial settlement value of £5,620, less any increase to the salvage value of the car.
- It should also pay Mr C 8% simple interest per annum on the amount due to him from the date it paid him its original settlement to the date the increase is paid.

\*If Admiral Insurance Company Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C 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 C to accept or reject my decision before 3 February 2023.

Oluwatobi Balogun Ombudsman