

The complaint

Mr P complains Admiral Insurance (Gibraltar) Limited (Admiral) did not offer a fair market value for his car after it was written off and also about the poor service he received during the claims process.

There are several parties and representatives of Admiral involved throughout the complaint but for the purposes of this complaint I'm only going to refer to Admiral.

What happened

In November 2021 Mr P made a claim on his motor insurance policy that he held with Admiral, after his car was damaged whilst parked outside his house. Admiral found the car to be beyond economic repair and it was written off as a total loss.

Admiral offered Mr P £40,500 as settlement. After Mr P complained, Admiral further increased its offer to £43,030.

Mr P said although he accepts Admiral have followed a process to value his car, he does not accept the valuation as a fair reflection of the market value of the car at the time of the accident.

As Mr P was not happy with Admiral he brought the complaint to our service.

Our investigator partially upheld the complaint. They looked into the case and felt the settlement offer made by Admiral for Mr P's car was in line with the trade guides and the terms of his policy. They did not uphold this part of the complaint. However they felt the service given by Admiral was poor, as Mr P had to contact it on several occasions to retrieve his personal belongings and to obtain updates regarding the valuation of his car. They said Admiral should pay Mr P £150 for the stress and inconvenience he had faced.

As Mr P is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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

In this case I have considered whether Admiral acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr P following the write-off of his car. My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr P's motor insurance policy with Admiral. In this case within the policy terms and conditions, on page three, market value is defined as;

“The cost of replacing your vehicle, with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened. Use of the term ‘market’ refers to where your vehicle was purchased. This value is based on research from industry recognised motor trade guides”.

Although this service doesn’t value vehicles, we do check that the insurer’s valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this and they’re based on nationwide research of likely selling prices and take the car’s specifications, mileage etc into account.

This service doesn’t consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I looked at the information Admiral had used when calculating the settlement value for Mr P’s car. It said it used one of the main trade guides as it is recognised by the motor insurance industry. I saw evidence it also instructed an independent assessor to value the car. I looked at the report produced, which included evidence of valuations, and it concluded that the valuation of £43,030 was justified.

I saw that our investigator obtained bespoke valuations from three of the main trade guides in order to obtain our own valuation. I saw that these valuations came in as £40,700, £49,355, and £36,250. The average of these three valuations is £41,780.

I checked these valuations to ensure it was the retail value that had been used and that the valuation was completed at the date of the accident.

I know that this will come as a disappointment to Mr P, however, I’m not persuaded that Admiral have acted unfairly or unreasonably in settling his claim at £43,030, less any policy excess. I found the process Admiral used to obtain the valuation by Admiral was fair. and in line with our approach. I believe that this amount is reflective of the value of the vehicle at the time of the accident.

Therefore, I don’t uphold this part Mr P’s complaint.

Service

Mr P also complains about the poor level of service he received from Admiral during the claims process. He said, the time taken from initiating the claim, to the return of his personal belongings was slow.

I saw that when Mr P tried to obtain the return of his personal belongings they came in several packages over a period of weeks. I saw he had to chase Admiral several times over, to obtain everything. I cannot see any reason why all Mr P’s belongings were not sent together, and I agree this must have caused unnecessary frustration to him. I saw that Mr P also had to chase Admiral for updates once the valuation of his car had been passed to the independent assessor for consideration.

In a situation like this there is always going to be some element of inconvenience to the affected parties, but in this case I think Admiral could have been more efficient when returning his belongings and more proactive with communication to Mr P.

Therefore, I uphold this part of Mr P’s complaint and require Admiral to pay Mr P £150 for the stress and inconvenience caused due to the poor level of service in this case.

My final decision

For the reasons I have given I partially uphold this complaint.

I require Admiral Insurance (Gibraltar) Limited to pay Mr P £150 compensation due to the poor level of service received.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 21 March 2023.

Sally-Ann Harding
Ombudsman