

The complaint

Mr D complains that Admiral Insurance (Gibraltar) Limited handled his motor insurance claim unfairly.

What happened

In March 2022, Mr D made a claim on his motor insurance policy and his car was declared a total loss.

Mr D wasn't happy with the customer service he received throughout the claim or the way it was settled. So, he asked Admiral to put things right. Admiral treated Mr D's concerns as a complaint and sent him a cheque for £570. They explained this amount consisted of £240 compensation and £330 for 22 days loss of use, at a rate of £15 a day. They didn't uphold his complaint about his car's valuation, as they said they valued it fairly at £4,910. However, they did acknowledge some delays and poor customer service. I won't list all the issues here, but they include failing to send Mr D a copy of the repairs estimate and providing a courtesy car that was in a poor condition.

Mr D then returned Admiral's compensation cheque and raised a complaint with our service. He highlighted the failings Admiral had accepted in their final response and said the compensation amount should be increased. He also explained that his car's valuation should be more than he was offered, as one of Admiral's agents said it was worth over £6,000.

An investigator at our service considered the complaint but didn't uphold it. He said the compensation payment was fair. And he didn't see any grounds for concluding the market value should be increased, as Admiral's offer fell within the range suggested by the motor trade guides. Mr D didn't agree and asked for his complaint to be escalated.

Prior to writing this decision, I noticed that Admiral's settlement offer had been based on only one valuation from the motor trade guides. I therefore shared three additional valuations with Admiral and asked them if this changed their position. In response, they said they'd increase their settlement offer based on the average value suggested by the four guides. As this amount is £5,619.75, they therefore agreed to pay Mr D a further £709.75 to make up the difference in values.

I then shared Admiral's increased settlement offer with Mr D and said that I thought it was fair. In response, Mr D said Admiral should increase their new valuation in line with inflation. However, he was glad to see they had offered to add 8% simple interest to the additional amount. He also highlighted the impact of Admiral's customer service failings and said he may have arranged for his car to have been repaired if Admiral had acted differently.

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.

I would firstly like to reassure Mr D and Admiral that although I have only summarised the

background and arguments in the section above, I have read and considered everything provided about this complaint in its entirety. Having done so, I'm satisfied Admiral have now offered Mr D a fair and reasonable settlement and I'll explain why.

Admiral declared Mr D's car a total loss based on the findings of their repair agent and an independent assessor. I'm satisfied this was a reasonable decision as both experts concluded the repairs were uneconomical. I appreciate Mr D is upset Admiral declined his request to contribute £500 towards the cost of the repairs. However, as the repair bill could have reasonably increased once the work started I don't think this decision was unfair.

Mr D has said he may have arranged for his car to be repaired independently if Admiral had provided him with a copy of the repairs estimate. I can see Mr D requested this information on the same day as he offered to make a contribution towards the cost of the repairs. Unfortunately, this request wasn't responded to, and Mr D purchased a replacement car a few weeks later. I agree Admiral let Mr D down in this respect, but by including this issue in their compensation offer, I'm satisfied it has been fairly acknowledged. I'm also mindful that there are a number of different factors that could have reasonably impacted Mr D's decision here. These include the cost of the repairs, his car's salvage value and the availability of his local repairer. So, even if the repairs estimate had been promptly provided, it's not guaranteed Mr D would have done anything differently.

Our service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. The policy terms here define "*market value*" as "*The cost of replacing your vehicle, with one of 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*".

We think it is reasonable for insurers to rely on motor trade guides, as their values are based on nationwide research, and they show likely selling prices at the month of loss. The guides also allow for the specifications of most cars to be taken into consideration including any extras. This is particularly helpful, as factors such as the age and mileage of a car can have a big impact on its value.

Admiral initially calculated a market value for Mr D's car, based on one motor trade guide, and the opinion of an independent assessor who also checked the same guide. We would usually expect an insurer to consult a few different motor trade guides, and then offer a value that falls within the suggested range. Admiral technically did that here as their offer falls within the range I've identified and detailed below. However, as they only considered one guide which gave the lowest suggested value, I'm satisfied it was right for Admiral to reconsider their offer.

The four motor trade guides valued Mr D's car as follows: £4,910, £5,392, £5,882, and £6,295. Insurers aren't generally required to offer the highest value suggested by the motor trade guides, and our service doesn't have a preferred guide which we think is the most reliable. I'm also satisfied there isn't any specific circumstances or additional evidence which suggests Admiral should reasonably favour the highest valuation here. So, by now relying on the average value (£5,619.75) and applying 8% simple interest to the additional settlement amount (£709.75), I'm satisfied this is fair.

I'm aware Mr D feels Admiral should honour a valuation estimate that was given to him by their repair agent. However, as this person wasn't instructed to make an offer to him, I respectfully disagree. I also don't think Admiral should reasonably increase their new offer due to inflation as Mr D was able to purchase a replacement car last year.

Admiral have agreed to pay Mr D £330 as they've said they could have reasonably paid him the initial claim settlement 22 days earlier. Mr D has explained that during this time, he shared a car with a friend who lived five miles away, so travelling was inconvenient. Based on what Mr D has said about his circumstances, I think this amount is fair and reasonable.

Admiral have also offered Mr D £240 compensation to address the poor condition of the courtesy car they provided and the customer service failings they detailed in their final response. Having carefully considered everything that happened and the impact of each issue I'm also satisfied this amount is fair. So, I don't direct Admiral to increase it.

Putting things right

I direct Admiral Insurance (Gibraltar) Limited to:

- Pay Mr D £709.75 more and add 8% simple interest per year to this amount from the date of the interim payment to the date of settlement.*
- Reissue the £570 compensation/ loss of use payment as detailed above.

**If Admiral Insurance (Gibraltar) Limited considers that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr D how much they have taken off. They should also give Mr D a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

I uphold Mr D's complaint and require Admiral Insurance (Gibraltar) Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 June 2023.

Claire Greene
Ombudsman