

## **The complaint**

Mrs and Mr S complain about the settlement value Admiral Insurance (Gibraltar) Limited (Admiral) offered under their motor insurance policy when their vehicle was written off.

## **What happened**

Mrs and Mr S had motor insurance with Admiral. Their vehicle was involved in an incident and Admiral decided it couldn't be economically repaired. Admiral paid Mrs and Mr S £3950 less £350 excess in settlement of their claim.

Mrs and Mr S complained to Admiral as they couldn't find an equivalent vehicle for this amount. They also had some other complaints about the way their claim had been handled.

Admiral upheld a number of these other elements of the complaint and paid Mrs and Mr S £150. However Admiral said the settlement figure of £3600 was the maximum trade guide valuation for the vehicle less the excess and it couldn't agree any increase.

Mrs and Mr S weren't happy with this response and complained to this service. Our investigator didn't uphold their complaint. He said he'd obtained a bespoke valuation for the vehicle of £3850, so his view was that Admiral's settlement figure was fair as at the date of loss.

Mrs and Mr S weren't happy with what the investigator said, so their complaint has been passed to me. Mrs and Mr S have confirmed that they only want me look at the part of their complaint that relates to the valuation of their vehicle.

## **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 uphold Mrs and Mr S's complaint. I'll explain why.

On 10 January 2023 I issued a provisional decision. My provisional decision said:

*"I intend to uphold Mrs and Mr S's complaint. I'll explain why.*

*Mrs and Mr S's Car Insurance Guide booklet with Admiral said:*

*"What we will pay*

*We will decide how to settle your claim and will either pay.*

- to repair your vehicle*
- a cash sum to replace the damaged vehicle.*

*If we give you a cash sum, the most we will pay is the market value of the vehicle."*

*Market value was 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.”*

*In most cases, this service assesses the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.*

*Assessing the value of a used vehicle isn’t an exact science. We generally find the valuations given in motor-trade guides most persuasive. We don’t usually find advertisements for similar vehicles on their own very persuasive, but we do consider them if they are provided by a consumer, as they could indicate a problem with the guide values. However a vehicle may be sold for less than the advertised price, especially with private sales. And differences in mileage, year of registration and model type can significantly affect the value.*

*Because Mrs and Mr S’s vehicle wasn’t of a standard type covered by the motor trade guides, our investigator obtained a specialist bespoke valuation. The bespoke valuation given as at the date of loss was £3850 plus VAT. Because Mrs and Mr S’s vehicle was classed as a light commercial vehicle, VAT was excluded from the valuation. This is because if a commercial vehicle is insured on a commercial policy by a VAT registered policyholder, the policyholder can reclaim the VAT from HMRC. However Mrs and Mr S had the vehicle insured on a personal policy. This service’s approach where a commercial vehicle is insured on a personal policy is to say that VAT should be paid to the consumer. In these instances, if the guides have excluded VAT on the vehicle, this will needed to be added back on to the value to assess the settlement outcome.*

*VAT is assumed by this service to be at 20% of the total vehicle price. So the value of Mrs and Mr S’s vehicle at the date of loss was £3850 plus 20% which is £4620. Mrs and Mr S had an excess of £350 on the policy, so my provisional view is that a fair and reasonable settlement figure would have been £4270. Admiral paid Mrs and Mr S a settlement of £3600, a difference of £670.*

*Mrs and Mr S have had to go to a great deal of inconvenience to pursue their complaint with Admiral and with this service. My provisional view is that Admiral should pay them £200 in recognition of this.*

### ***My provisional decision***

*For the reasons given above I intend to uphold Mrs and Mr S’s complaint. I intend to require Admiral Insurance (Gibraltar) Limited to pay Mrs and Mr S an additional £670 plus interest, plus £200 in recognition of the distress and inconvenience caused.”*

### **Responses to my provisional decision**

Admiral didn’t respond to my provisional decision except for queries about the amount of the payment and the valuation, which our investigator replied to.

Mrs and Mr S responded and said they were happy to accept my provisional decision. They asked me to correct my description of what happened to their car, which I have done.

So having thought about things again, I see no reason to change my provisional decision.

### **My final decision**

For the reasons given above I uphold Mrs and Mr S's complaint. I require Admiral Insurance (Gibraltar) Limited to pay Mrs and Mr S £670 plus interest at 8% simple from the date it made the original payment on the claim to the date this payment is made.

I also require Admiral Insurance (Gibraltar) Limited to pay Mrs and Mr S £200 in recognition of the distress and inconvenience caused. For the avoidance of any doubt, this is in addition to the £150 it has already paid to them. Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mrs and Mr S accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from the interest, it should tell Mrs and Mr S how much it's taken off. It should also give Mrs and Mr S a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

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

Sarah Baalham  
**Ombudsman**