

## The complaint

Mr H complains that Admiral Insurance (Gibraltar) Limited mishandled his claim on a motor insurance policy.

## What happened

The subject matter of the claim and the complaint is a sports utility vehicle, first registered in 2011.

Mr H had the vehicle insured on a comprehensive policy with Admiral for the year from April 2022. Any claim for damage (except a windscreen claim) was subject to an excess of £310.00.

Unfortunately, in May 2022, an accident damaged the car. Admiral said it was a total loss.

Admiral said that the car's pre-accident value had been £6,910. After deducting the excess of £310.00, Admiral paid Mr H the balance of £6,600.00.

Mr H complained to Admiral that it was under-valuing the car.

By a final response dated 9 June 2022, Admiral turned down the complaint. Admiral referred to figures in the trade guides as follows:

CAP	£6,625.00
Glass's	£6,910.00

Mr H brought his complaint to us on about 3 December 2022.

Our investigator recommended that the complaint should be upheld in part. He thought that £7,075.50 was a fairer valuation than £6,910.00. He recommended that Admiral should pay Mr H:

1. an additional £165.50; and
2. 8% simple annual interest on £165.50, calculated from 26 May 2022 until the date the payment is made.

Admiral accepted the investigator's opinion.

Mr H disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- He waited three months for the vehicle to be built in 2011. It was one of only 10,500 built that year. It had an extensive specification.
- Admiral said that he would be able to afford an exact replacement with their settlement. The policy wording is misleading and has caused him to be

disadvantaged.

- In early 2022, the car was in great condition with a complete and full service history. That included the 10-year anniversary work. The gearbox oil change and the cam belt change are significant additional costs and are not just annual routine service costs. Those extra costs should be a component factor in assessing the condition of any vehicle. If those two service items had been missed on a vehicle for sale, then it would not be unreasonable to expect that vehicle to be comparably cheaper than others on the market, given that £1,000.00 or so of work was immediately due.
- The car had only one owner.
- He was unable to find a replacement with anything approaching the same specification in 6 months with the offered settlement. On only one occasion, he was able to find a potential, closer replacement vehicle with either the gearbox oil change or the cam belt replacement completed.
- Using averages of averages to determine a value will not adequately value a “best of the best” 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.

The Financial Ombudsman Service deals with an individual consumer’s complaint about regulated activities of regulated financial firms. Where we uphold a complaint about an unfair act or omission, we look at its impact on that consumer and we direct the firm to take steps to put that right. We don’t direct the firm to change its terms of business for consumers generally.

Admiral’s policy terms said that the most it would pay would be the market value of the vehicle. The policy terms included the following definition:

*“Market value*

*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.”*

I can’t say that’s unclear or unfair. In any event, we expect an insurer to assess the value of a used vehicle by reference to the retail figures in certain trade guides. We usually find those guides persuasive as they are based on extensive research into likely selling prices.

Compared to the trade guides, we usually find advertisements less reliable as they show asking prices that may be negotiated downwards.

I’ve noted the make, model, year, mileage, specification and condition of Mr H’s car. For a vehicle like that, our investigator found retail figures in the trade guides as follows:

CAP	£6,625.00
Glass’s	£6,910.00
Cazoo	£7,222.00
Auto Trader	£7,545.00

The investigator recommended – and Admiral has now offered – a valuation of £7,075.50 which is the average of those figures.

I accept that Mr H's car had a full service history including the change of cambelt and gearbox oil. However, I don't consider that this added significantly to its value. Rather I consider that a purchaser would expect such work to be up to date - or expect to negotiate a lower price.

I accept that Mr H couldn't find a vehicle to replace his like-for-like for around £7,000.00.

Nevertheless, I consider that the figure of £7,075.50 is in line with the trade guides and not unfair. I don't find it fair and reasonable to direct Admiral to increase it any further.

### **Putting things right**

To give effect to the increase from £6,910.00 to £7,075.50, I will direct Admiral to pay a further £165.50.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance (Gibraltar) Limited to pay Mr H (in addition to its payment of £6,600.00) :

1. a further £165.50; and
2. simple interest on £165.50 at a yearly rate of 8% from 26 May 2022 to the date of payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr H how much it's taken off. It should also give him a certificate showing this 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 H to accept or reject my decision before 29 May 2023.

Christopher Gilbert

**Ombudsman**