

## **The complaint**

Mr T complains about Admiral Insurance (Gibraltar) Limited's handling of his car insurance claim.

## **What happened**

Mr T had car insurance underwritten by Admiral. He made a claim after he was very unfortunately involved in an accident in early October 2022.

Admiral accepted the claim and just over a week later told Mr T that his car was beyond economic repair.

Admiral valued Mr T's car at £22,465 and paid his claim on that basis (less the excess). After the finance on the car was paid off, Mr T received just under £4,300.

Mr T wasn't happy with this outcome and complained to Admiral. He brought his complaint to our attention at the same time.

Mr T thought Admiral's valuation of his car was too low – and lower than the price he'd bought it for and insured it for. He was unhappy he'd had to pay for a car rental for the week or so it took Admiral to decide his car should be written off. And he said Admiral were slow to respond to his claim and his queries.

Admiral hadn't provided Mr T with a final response to his complaint within eight weeks. So, our investigator looked into it.

Whilst she was doing so, Admiral sent a final response to Mr T. They admitted the service Mr T received had been poor and there were unnecessary delays in responding to his complaint. And they offered Mr T £225 in total in compensation.

They also said they'd looked again at the car valuation and increased it by £285. They offered to pay Mr T that amount plus interest at 8%.

I understand Admiral sent Mr T a cheque reflecting their final response. Mr T tells us he hasn't cashed it, pending the outcome of our investigation, because he still feels the valuation of his car is too low.

Our investigator's view was that the offer from Admiral was fair and reasonable in all the circumstances.

Mr T disagreed and asked for a final decision from an ombudsman.

## **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'll give my view on the valuation of the car first and then consider the other aspects of Mr T's

complaint.

### *The valuation*

Mr T has provided copies of advertisements of cars for sale that are similar to his own car. They give much higher valuations than the amount offered by Admiral.

However, those advertisements appear to be for cars with different specifications and/or lower mileage than Mr T's vehicle.

Advertisements, by definition, also tend to reflect the very best price the seller can hope to achieve for the vehicle. Actual sale prices are a better indicator of a car's value. And that's what the motor industry trade guides tend to reflect.

Mr T's policy sets out that the most Admiral will pay when deeming a car beyond economic repair is the market value. That term is defined in the policy, which says that the value will be based on "*research from industry recognised motor trade guides*".

When they first valued Mr T's car, Admiral used a single trade guide which they told Mr T they regard as the most reliable indicator of market value.

After he complained, they looked at another trade guide, which gave a slightly higher valuation. And they increased the valuation of Mr T's car accordingly – by £285.

We've looked at other trade guides. All of which indicate that the value of Mr T's car at the relevant time was somewhere between £22,465 and just over £24,000.

I can't reasonably conclude then that Admiral's second valuation of the car was unfair. Admiral say in the policy terms that they'll use the trade guides. We think that's a fair way to come to valuations. And in this case, the final valuation offered by Admiral is within a fairly narrow band of valuations offered by the different guides.

### *Hire car costs*

Mr T's policy says very clearly that courtesy cars will be offered by Admiral's preferred repairer for the period during which a car is being repaired. It says equally clearly that there will be no courtesy car if the vehicle is deemed beyond economic repair.

Those policy terms are not unusual – something like them appears in many, if not most, standard car insurance policies. They're also not unfair, as long as the decision to write off a car is taken reasonably quickly, which means the customer receives the pay out in good time and can presumably purchase a similar car reasonably soon after the accident.

In this case, Admiral made that decision after just over a week. I'll consider below whether their service to Mr T in that period was poor, but I can't reasonably conclude that any delay in making that decision was so long that Admiral ought to have provided a courtesy car in the meantime.

### *Delays and poor service*

Mr T says he had to contact Admiral to get his claim progressed after he'd made it. And he says they were slow to respond or, on occasion, didn't respond at all. He says they also failed to proactively update him in a timely manner about developments in the claim, such as the car being moved from one repairer to another.

Admiral have admitted the service they provided was poor at times. And they've offered £200 in compensation for that particular aspect of Mr T's complaint.

It's clear to me then that there were failings in the way Admiral handled the claim in that first week or two. The question for me is whether the compensation they offered is enough - and I'll deal with that below.

### **Putting things right**

After our investigation had begun, Admiral offered Mr T an increase in the valuation of his car – which I think was fair and reasonable, for the reasons I've set out above. I also think it was fair and reasonable for Admiral to offer to add interest at 8% simple on that additional amount (£285).

I don't think Admiral need to do anything more in response to Mr T's complaint about the courtesy car. He wasn't entitled to a courtesy car under the terms of the policy and there was nothing unfair or unreasonable about that.

The poor service Admiral have admitted was limited to a very brief period in the early stages of the claim. I can understand Mr T's frustration at having to chase Admiral for updates on the progress of the claim – and for a decision about whether the car was to be written off, but I'm satisfied the £200 offered by Admiral is sufficient compensation for the trouble and upset Mr T suffered for that brief period of time.

Admiral also offered £25 in compensation for their delayed response to Mr T's complaint. It's not for me to interfere with that – complaints-handling is not a regulated activity and therefore doesn't fall within our scope. I assume in any case that Admiral are happy to pay that £25, as they've offered.

I should also at this point be clear about the outcome of this complaint. As our investigator has explained to the parties, because Admiral's offer – which I consider fair and reasonable – was only made after our investigation began, our rules dictate that I uphold this complaint, even though I think that offer is fair.

That means that in the section below, I'll set out what Admiral needed to do to put things right for Mr T. I am of course aware that Admiral have already sent Mr T a cheque covering the increase in valuation of the car and compensation for Mr T's trouble and upset.

### **My final decision**

For the reasons set out above, I uphold Mr T's complaint.

Admiral Insurance (Gibraltar) Limited must:

- increase the valuation of Mr T's car by £285, as they've offered to do, and settle his claim in line with that valuation;
- pay interest on that amount at 8% simple, as they've offered to do, for the period of time between the initial settlement payment and the revised offer to Mr T; and
- pay Mr T £200 in compensation for his trouble and upset.

If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give Mr T 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 T to accept or reject my decision before 19 May 2023.

Neil Marshall  
**Ombudsman**