

The complaint

Mr L 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 hatchback car, first registered in late 2003.

Mr L had the car insured on a comprehensive policy with Admiral for the year from 7 July 2022. Any claim for damage (except to windscreen glass) was subject to an excess of £400.00.

Unfortunately, in late July 2022, someone damaged the car. Admiral said the car was a total loss and its pre-loss value had been £1,440.00.

Mr L complained to Admiral that it was under-valuing his car. By a final response dated mid-September 2022, Admiral said it had increased its pre-accident valuation to £2,040.00 and would pay the difference of £600.00 plus a small amount of interest, and £25.00 compensation.

Admiral said it had based its valuation on the average of the following guide figures:

Glass's	£1,755.00
CAP	£2,325.00

Mr L brought his complaint to us without delay.

Our investigator recommended that the complaint should be upheld. He said that Autotrader couldn't provide a valuation in Mr L's case, due to the age of the car. He'd obtained a further trade guide valuation as follows:

Cazoo	£4,414.00
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He recommended that Admiral should:

1. use an average of the three valuations; and
2. pay Mr L the difference between this and what it had already paid him.

Mr L agreed with the investigator's opinion, but not with the lower valuation of £1,755.00.

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

- The Glasses and CAP values of £1,755.00 & £2,325.00 are aligned.
- Cazoo's valuation at £4,414.00 should be disregarded as it is over £2,000.00 out of

line with the other valuations.

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.

We expect a motor insurer to assess market value of a used vehicle by reference to retail figures in certain trade guides. We usually find those guides persuasive because they are based on extensive research of likely selling prices.

We usually find advertisements less persuasive because they contain asking prices that may be subject to negotiation downwards.

I've noted that the car passed an MOT test in early October 2021 with a recorded mileage of about 113,000. Mr L had owned the car since at least early November 2021 (the date of its most recent V5). Mr L renewed his policy with Admiral from early July 2022.

I've noted the make, model, age, condition and recorded mileage of the car. For a vehicle like that in July 2022, the investigator found the three valuations mentioned above.

One unsatisfactory feature of the final response is the inclusion of the following sentence:

"We are now providing a valuation settlement figure at the average of these 2 figures, £2492 and I am unable to agree any further increase in your valuation in accordance with the terms of your policy."

That is unsatisfactory because it does not relate to the two valuations (Glasses and CAP) that Admiral said it was relying on – or to the average of £2,040.00.

Compared to the Glasses valuation, the CAP valuation is £570.00 higher. That's an increase of about 30%. So I don't consider that those two valuations are well aligned.

Compared to those two valuations, the Cazoo valuation is at least £2,000.00 higher. That's a large increase. So I've thought about disregarding the Cazoo valuation as an outlier.

And yet, the advertisements provide support for the Cazoo valuation. And the other two valuations aren't well aligned. So I don't find it fair to disregard the Cazoo valuation in favour of the other two.

The range of valuations is so great that I don't find it fair and reasonable to say that any valuation in the range would be fair.

Overall, I don't find that Admiral's valuation of £2,040.00 treated Mr L fairly.

Putting things right

I find it fair and reasonable to direct Admiral to increase its valuation to the average of the three valuations, that is £2,831.00. That will require Admiral to pay Mr L (in addition to its previous payments of £1,040.00 and £600.00) a further £791.00.

As Mr L has been out of pocket in that amount since the date of his claim, I find it fair and reasonable to direct Admiral to add interest at our usual rate.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. I direct Admiral Insurance (Gibraltar) Limited to:

1. increase its valuation to the average of the three valuations, that is £2,831.00; and
2. pay Mr L (in addition to its earlier payments of £1,040.00 and £600.00) a further £791.00; and
3. pay Mr L simple interest on the further £791.00 at a yearly rate of 8% from the date of his claim 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 L 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 L to accept or reject my decision before 19 May 2023.

Christopher Gilbert

Ombudsman