

The complaint

Mr C complains Admiral Insurance (Gibraltar) Limited hasn't offered a fair value for his car following an accident which led to it being written off. He's also unhappy his car was sold before the settlement was agreed.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Mr C insured his car with Admiral under a motor insurance policy.

In August 2022, Mr C was unfortunately involved in a car accident. Admiral subsequently deemed the car to be a total loss and offered £4,850 to settle the claim, less the deductibles such as Mr C's excess.

Mr C didn't agree this was a fair value and said further damage occurred due to Admiral's delay in collection his car which allowed water damage to occur. He felt, if this hadn't happened, his car wouldn't have been written off. He was also unhappy with Admiral's service - his car had been sold before the claim had been settled when he felt he was clear he didn't want this to happen.

Admiral did uphold Mr C's complaint. It said the value had been calculated after considering data from two motor trade guides (which gave values of £3,830 and £4,800). It also obtained an independent engineers' valuation which came to £3,742.50. Admiral didn't agree the time it took to collect the car caused further damage. It also said Mr C told it he didn't want to retain the car, so Admiral arranged for it to be sold.

Mr C brought his complaint to our service for an independent review. Two Investigators at this service reviewed the evidence including valuations from market trade guides provided by the business and obtained by this service as well as advert evidence from Mr C. Ultimately, the most recent Investigator considered Admiral's offer to be fair as the motor trade guide which valued Mr C's car did so at a lower amount. However, they felt Admiral's service fell below the standard Mr C was entitled to expect, including disposing of his car without permission, and awarded £500 compensation for this.

Mr C didn't agree with this – he said his car was worth more and wanted this service to rely on the valuation the first Investigator obtained (of £7,852) which is a more accurate reflection of the cost of a like for like vehicle and aligns with what he paid for the car less than a year prior. And he questioned how a valuation from a single motor trade guide can fluctuate so much in a short period of time.

Admiral didn't agree either. It said Mr C said he didn't want to retain the car. However, it offered £200 for the trouble and upset caused by its poor service.

As an agreement couldn't be reached, the matter was passed to me for a decision.

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.

Having done so, I'm partially upholding Mr C's complaint. I'll explain my decision.

Valuation

It may be helpful to explain that my role isn't to give an exact value of Mr C's car. Instead, my role is to decide whether Admiral has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I think it has. I'll explain why below.

Where a car has been damaged, it's usual for the insurer to pay the consumer the market value of the vehicle. The policy defines the market value as follows.

'The cost of replacing your car with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened...This value is based on research from industry recognised motor trade guides'

The terms and conditions of Mr C's policy also say:

'If your car is a total loss, your car will become our property...We will deduct any outstanding premium owed to us from any claims settlement we make to you as we will have met our responsibilities under the policy.'

This means Admiral will pay the value of the car immediately before the accident which, here, it determined to be £4,850. Admiral referred to two trade guides and an engineer's report to do this. The guides gave different figures, which isn't unusual. We'd use a similar approach and the same trade guides to help decide if a settlement offer is fair when valuing second-hand vehicles. And we find these guides to be persuasive evidence of market value, mostly because their valuations are based on nationwide research of likely sales figures.

I can see the motor trade guides used by Admiral and the engineer's valuation were for cars of the same make, model, age, condition and mileage as Mr C's at the date of its loss. And Admiral's offer was above all the valuations provided.

Whilst I appreciate Mr C says the car will cost more to replace and was more when he bought it, I'm not persuaded this impacts the market value Admiral is required to offer here. This is because I haven't seen any evidence to suggest the offer made isn't a fair one.

I appreciate Mr C sent Admiral and this service adverts with values ranging from £6,000 to £18,995. But the majority of these adverts aren't a reasonable comparison as there are significant variations from Mr C's car such as colour, model, mileage and age. The car advertised which is closest to Mr C's in age, model, colour and mileage was sent to us by Mr C in April when it was being advertised for £7,750. However, it's currently being advertised for £5,550 so I don't consider this is persuasive evidence the offer made by Admiral is unfair.

I acknowledge what Mr C says about the high valuation obtained by a previous Investigator. Having obtained a copy of this, I consider it's an outlier. I say this because I've also seen other valuations from the same motor trade guide over several months, all of which are below the offer made by Admiral. I've also seen other adverts for similar vehicles which are below the amount offered.

Taking everything into account, I don't consider Admiral acted unfairly in reaching the offer for the market value it did for Mr C's car at the time directly before the loss. It follows I don't require Admiral to increase its offer of £4,850.

Further damage caused to the car

Admiral explains it obtained an engineer's report which said, although there was evident liquid, it was coolant and there were no other signs of water damage to the car. This report also stated that the repair costs were valued higher than the value of Mr C's vehicle and this is the reason it would never have attempted to repair it. I haven't seen any evidence this isn't correct, so, I don't uphold Mr C's complaint on this point.

Poor service

At various points in the claim, Mr C clearly told Admiral he doesn't accept the valuation for his car but doesn't consent to it being salvaged. But I also acknowledge Admiral's point - Mr C said in one email that he didn't want to retain the car. Even so, the policy states the vehicle becomes Admiral's property at the point the claim is settled. And, at the time of the relevant email from Mr C which Admiral is seeking to rely on - and when Mr C's car was disposed of - the claim hadn't been settled. I therefore consider Mr C's car was disposed of too early by Admiral. And I note Admiral tried to stop the disposal, but was too late.

Admiral agreed there were times its service was poor and considered £200 a fair amount for this. But I don't agree this goes far enough considering the early disposal of Mr C's car. Taking everything into consideration, it's my view the amount of £500 recommended by the Investigator fairly resolves this part of the complaint.

I recognise Mr C will be disappointed, but this ends what we – in trying to resolve his dispute with Admiral can do for him.

Putting things right

Admiral Insurance (Gibraltar) Limited should pay £500 to Mr C as compensation.

My final decision

For the reasons set out above, my final decision is I uphold this complaint. To put things right, Admiral Insurance (Gibraltar) Limited should pay £500 to Mr C as compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 November 2023.

Rebecca Ellis
Ombudsman