

The complaint

Mr M 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 coupe car, first registered in November 2009.

Mr M had the car insured on a comprehensive policy with Admiral for the year from early January 2023.

Unfortunately, in late January 2023, an accident damaged the car.

Admiral said it was a total loss and its pre-accident value had been £5,026.00.

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

By a final response dated 8 March 2023, Admiral apologised for its valuation of £5,026.00 and increased it to £5,940.00. Admiral said it was sending Mr M the balance of £914.00 plus about £6.00 in interest and £25.00 compensation.

Mr M brought his complaint to us straight away.

Our investigator recommended that the complaint should be upheld. He thought that a fair valuation for the car would be £6,415.50 (the mean average of the valuations from the four trade guides we ordinarily use). He recommended that Admiral should:

1. increase its offer to £6,415.50, less the policy excess; and
2. pay a further 8% simple interest on the additional sums from the date of its previous settlement payment until this additional payment is made.

Mr M disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that the car was worth more.

Admiral accepted the investigator's opinion.

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.

Admiral's policy terms provided that it would pay no more than the "market value" defined as follows:

“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.”

We expect insurers to value used vehicles by reference to the retail figures in certain trade guides. We usually find such figures persuasive because they are based on extensive research of likely selling prices.

Compared to the trade guides, we usually find advertisements less persuasive evidence. That is because they contain the sellers’ asking prices, which may be subject to negotiation downwards.

I’ve noted the make, model, specification, age, recorded mileage and condition of Mr M’s car before the accident in January 2023.

For a car like that at that time, our investigator found retail prices in the trade guides as follows:

Glass’	£5,830.00
CAP	£6,125.00
Cazoo	£6,800.00
Autotrader	£6,907.00

Those figures form a range. I don’t consider that any of those figures is so out of line with the others that I should discount it as an outlier.

Admiral’s initial valuation was below the range of the trade guide figures and I don’t condone that.

Admiral’s final response valuation was within the range - albeit towards the lower end of it.

Admiral has accepted the investigator’s opinion that the valuation should be £6,415.50. That is the average of the trade guide figures.

I’ve looked carefully at the advertisements Mr M has sent us. I’ve considered whether they show that a figure higher up the range would be fairer. However, many of the advertisements were for cars that were younger than Mr M’s was. And I don’t find the advertisements persuasive evidence that, before the accident in January 2023, Mr M’s car was worth more than £6,415.50.

Overall, I’m satisfied that – after our intervention - £6,415.50 is a fair and reasonable figure.

From his complaint form, I’ve noted Mr M’s date of birth. That is relevant only because it affected the policy excess. From the policy schedule, I see that any claim for damage (except a glass claim) was subject to an excess of £700.00 if the driver was in Mr M’s age group at the time of the accident.

Excluding interest and compensation, my calculation is as follows:

valuation	£6,415.50
-----------	-----------

less excess	£ 700.00
less paid	
February 2023	£4,326.00
March 2023	£ 914.00
	£5,240.00
balance to pay	£ 475.50

So I will direct Admiral to pay Mr M a further £475.50.

I've thought about the impact of the initial under-valuation on Mr M.

But I haven't agreed with his belief that his car was worth more than £6,415.50. And I intend to direct Admiral to pay interest on the final payment, as compensation for late payment. So I don't consider that it would be fair to direct Admiral to pay – in addition to that interest - compensation for distress and inconvenience.

Admiral made its first payment in early February 2023. That was well within a month of the accident. So I don't find any delay or any reason to direct Admiral to add interest to that payment.

Admiral made its second payment in early March 2023. It recognised that it should pay interest on that payment. I'm satisfied that its payment of about £6.00 interest was fair enough.

Admiral has accepted that it should also pay interest on its final payment of £475.50.

Putting things right

In conclusion, I find it fair and reasonable to direct Admiral to pay Mr M a further £475.50 plus interest at our usual rate from 8 February 2023.

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 M (in addition to its previous payments):

1. a further £475.50 for his car; and
2. simple interest on that amount at the yearly rate of 8% from 8 February 2023 to the date of its further payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr M 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 M to accept or reject my decision before 11 October 2023.

Christopher Gilbert

Ombudsman