

The complaint

Mr L has complained about the total loss settlement Admiral Insurance (Gibraltar) Limited paid and the poor service he received when he made a claim under his car insurance policy.

What happened

Mr L bought a car insurance policy with Admiral. He bought his car under a personal contract purchase(PCP) agreement with a finance company.

Admiral instructed an engineer to inspect Mr L's car. The engineer decided it wasn't economical to repair, and so Admiral settled Mr L's claim by paying the market value for his car at the time of the loss. It reached this sum by looking at two of the main motor trade guides.

Mr L said the settlement sum was too low. He believed Admiral had based its sum on a lower specification of car to his - as he said his was a 'special first edition'. Mr L complained about the lack of communication, delay and long wait times while waiting to speak to Admiral on the phone. Mr L said he had obtained a final settlement sum with the finance company and this was for more than Admiral paid to settle the claim.

Admiral said it had settled his claim correctly. It accepted it had provided a poor service. For this it apologised and paid Mr L £50 compensation.

Mr L remained unhappy and asked us to look at his complaint.

Our Investigator followed our approach in looking at all of the available motor trade guides. Having done so, he found that the settlement Admiral had paid hadn't been reached in a reasonable way. So he recommended Admiral increase it to the average of all of the guides.

He recommended Admiral increase the compensation it paid for the distress and inconvenience caused by £125, so a total of £175.

Mr L accepted the Investigator's recommendations. Admiral doesn't agree with our approach to include the additional trade guides to reach a valuation. It says the guides it used were correct and similar - the guides we have looked at are much higher.

So as Admiral disagrees, the case has been passed to me to decide.

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 don't decide a valuation. But we look at whether an insurer has reached its valuation reasonably and in line with the policy.

We provided Admiral with details of our approach in response to its concerns about the additional guides we looked at, and this is available on our website: <https://www.financial-ombudsman.org.uk>

ombudsman.org.uk/businesses/complaints-deal/insurance/motor-insurance/vehicle-valuations-write-offs

Admiral looked at two of the main motor trade guides which provided an average sum of £34,160 for Mr L's car. Following our approach to ensure a fair valuation has been reached, we looked at all of the available main motor trade guides. These provide valuations for a car of the same make, model, specification, age, condition and mileage as Mr L's car.

Having done so, they provide an average valuation for Mr L's car of £37,667.50.

Admiral says the guides it uses are based on actual selling prices. It has concerns that the range of all four guides used is approximately £10,000.

However, as our Investigator explained, we only disregard a valuation if one is clearly out of kilter with the others. In this case there is a wide range, but there isn't one of the valuations that appears as an outlier. So we have taken the average of all of the guides we look at when deciding if a valuation has been fairly reached.

The guides are based on extensive nationwide research of likely selling prices for the month of loss. So in line with our approach, I think a fair outcome is for Admiral to pay the difference to bring the market value for Mr L's car to £37,667.50. I think Admiral should pay interest on the difference from the date of the claim to the date it pays Mr L as he has lost out on the benefit of that amount when settling the balance with the finance company.

Mr L reported the incident to Admiral on 20 January 2023. From Admiral's claim notes there are gaps where it shows Mr L called for updates - and chased when he hadn't heard from Admiral. Mr L complained about having long wait times when trying to get through to speak to Admiral, all of which Admiral accepted. On 13 March 2023 Mr L told Admiral he had disputed the valuation but hadn't received a response.

So I think a fairer compensation award for the distress and inconvenience caused by Admiral's handling of Mr L's claim is £175. As Admiral has already paid Mr L £50 compensation, it should pay Mr L a further £125.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance Company (Gibraltar) Limited to do the following:

- Increase the total loss settlement sum to £37,667.50 as the average of all available main motor trade guides for Mr L's car.
- Pay interest on the difference at a rate of 8% simple interest a year from the date of the claim to the date Admiral pays.
- Increase the compensation it pays Mr L from £50 to a total of £175, so an additional £125 for the distress and inconvenience caused.

Admiral Insurance Company (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mr L accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 17 October 2023.

Geraldine Newbold
Ombudsman