

The complaint

Mr H has complained about Admiral Insurance (Gibraltar) Limited. He isn't happy about the way it valued his car after a claim under his motor insurance policy.

What happened

Mr H made a claim under his car insurance policy and his car was deemed a total loss. And when Admiral looked to settle the claim Mr H wasn't happy with the valuation of his car. So, he complained to Admiral about this.

Admiral looked to value Mr H's car by looking at one of the trade valuation guides in order to gauge the market value of his car. And as he wasn't happy it looked again at the valuation. However, Admiral was happy that its valuation of Mr H's car of £49,780 was fair but Mr H felt it was worth a lot more, so he complained to this Service.

Our investigator looked into things for him and upheld his complaint. Having looked at the various motor trade guides available for Mr H's car she thought Admiral had undervalued Mr H's car and had offered below market value, so she asked it to increase its valuation to £57,031. She managed to get three valuations for Mr H's car, as opposed to the one Admiral found, but discarded the lower of the three guides as it was out of line with the other two and suggested Admiral should pay the average of these two guides.

Admiral partly accepted the position outlined and agreed it should increase the valuation but thought that the investigator should have used an average of all three guides which lowered the valuation suggested. While Mr H maintained that he couldn't buy a similar car to his even with the increased valuation, so the matter has been passed to me for review.

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 upholding this complaint in line with the investigator's position and I feel that Admiral should pay Mr H £57,031 plus 8% simple interest for the time he's been without the money owed. I'll explain why.

I can understand Mr H's position, as he clearly feels his car is worth more than Admiral have offered him. And he feels that the way his car has been valued has left him out of pocket. But this Service has an established approach to valuation cases like Mr H's. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car. I pay attention to the various trade guides used for valuing cars. And I look at any other evidence provided by both sides. This evidence might include advertisements for the sale of similar cars. But I place less weight on these than on the valuation guides as these give an

up to date guide of the value of the car in question. The condition of the car at the time of the incident is also an important factor to consider. And I must emphasise that I will only order a business to increase its valuation if I consider it is unfair.

Admiral only relied on one valuation guide in reaching its original valuation figure. But when our investigator looked into things for Mr H she was able to find three trade valuation guides and as two guides were consistent she suggested an average of them (£57,031) was a fair way to approach this case. I know Admiral has suggested that the third guide of £50,270 should also be factored in. But I agree with our investigator that this feels like an outlier and isn't consistent with the other two, so it seems fairer to go with an average of the other two valuation guides (£57,031). I understand Admiral has said that if another one of the guides was available then it *may* have supported the third lower valuation guide. But I think it is fairer to go on what the guides are showing as the fairest way to consider the valuation of Mr H's car as opposed to guessing what the fourth guide *may* have come in at. And Admiral had the opportunity to consider all the guides in the first instance but chose not to.

I know Mr H doesn't agree with this approach and feels his car is worth a lot more than the valuation our investigator suggested. And while I understand his position, and the fact that the second-hand market is buoyant at the minute and he has suggested that some dealerships for his car would say it was worth more, but I'm satisfied this increased valuation seems fair. Mr H has suggested that the dealerships he has mentioned would value his car at a higher rate, but he hasn't provided any real evidence of this. And so, without anything to the contrary I can't say the trade valuation guides aren't reasonably accurate for the particular make and model of his car.

Valuing second-hand cars is far from an exact science and it isn't my role to value Mr H's car. I'm just looking to see if Admiral has acted reasonably in providing a fair market value of his car and I think, given the trade valuation guide prices I've seen, that its initial valuation was low and the increase to £57,031 feels fair.

Mr H has made the point that second-hand car valuations, for his particular make and model of car with a low mileage, are high and he's struggled to find a car similar to his for the money offered. And, given the very low mileage of Mr H's car, I'm sure it isn't easy to find a similar car with similar mileage to his. But that doesn't mean this valuation, that is consistent with two of the three valuation guides our investigator has gained, is unfair. Ultimately, the valuation has increased Admiral's offer by around £7,000 and feels fair in the circumstances given the available evidence.

Given all of this, I'm satisfied Admiral should increase its market value offer in line with the trade valuation guides and that it is fair to discard the lower valuation as it is significantly out of line with the other two guides. So, Admiral should pay Mr H £57,031 for his car plus 8% simple interest for the time he's been without the money owed.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay Mr H £57,031 as a market value for his car plus 8% simple interest from the date of claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 September 2023.

Colin Keegan
Ombudsman