

## **The complaint**

Mr S complains that the amount Admiral Insurance (Gibraltar) Limited (“Admiral”) has offered to settle his motor insurance claim is too low.

Reference to Admiral include its agents.

## **What happened**

Mr S has comprehensive car insurance with Admiral. The policy renewed in September 2022.

Unfortunately in October 2022 Mr S was involved in a road traffic accident after which his car was deemed a total loss. Admiral initially offered £92,000 in settlement of the claim, but it increased this to approximately £95,000 following Mr S’s complaint.

Mr S wasn’t happy because he believed the market value of his vehicle was around £107,000, and he provided evidence of this to Admiral. Mr S says Admiral ignored the points he raised in the final response letter and he wasn’t offered the option of an independent assessment.

Mr S says his car had a number of optional extras which added to its value. He says the valuation guides which Admiral referred to related to the basic specification of his car rather than his actual vehicle. The closest one in terms of specification was listed for over £105,000.

Mr S believes £107,000 is a fair valuation for his car and wants Admiral to pay this in settlement of his claim. So he complained to Admiral.

Admiral said the terms of Mr S’s policy defines market value as the cost of replacing the car with one of a similar make, model, year, and mileage based on market prices at the time of loss. Admiral explained it uses recognised industry guides to obtain a vehicle’s valuation. Admiral said it provided a valuation settlement based on the average of two guide valuations and so it didn’t uphold the complaint.

Mr S wasn’t happy with the response from Admiral and so he referred his complaint to this service. Our investigator looked into things for him. He said he didn’t think Admiral had acted fairly. He said given the type of vehicle and the optional extras, plus the fact the car increased in value between 2014 and 2018, he thought it would be reasonable to give a value outside of the guides. The investigator felt a fair valuation would be £107,000 and so Admiral should pay the difference.

Admiral didn’t agree and said the vehicles referred to by the investigator weren’t of the same specification. It said it would increase the settlement to approximately £103,000 but didn’t agree to the investigator’s valuation so the matter was passed to me for review.

## **My provision decision**

I recently issued a provisional decision setting out my thoughts on the key complaint points and how I thought matters might best be resolved. I said:

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on what I've seen so far I intend to uphold Mr S's complaint. I'll explain why.*

### **Valuation of the vehicle**

*Our service relies upon the expert trade guides when checking whether or not an insurer has made a fair offer for a vehicle. Unfortunately those guides don't cover Mr S's vehicle, and we have to determine his complaint according to what we think is the most likely value from other sources.*

*I understand that Mr S's vehicle is unique; the valuation isn't a simple standard process. Admiral accepted the original valuation of approximately £95,000 was too low and increased their offer to £103,750.*

*Mr S's policy says, "if we give you a cash sum, the most we will pay is the market value of the vehicle."*

*Market value is defined in the policy as, "the cost of replacing your vehicle with one of a similar make, model, year, mileage, and condition based on market process 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."*

*Mr S says his car was worth significantly more than the amount Admiral have offered. When calculating market value, our long-standing position is that the main motor trade guides are a reliable way to decide a valuation rather than adverts. Due to the specification of Mr S's car the investigator found market values from two trade guides. These give values for the car of £99,000 and £103,430. So while the initial valuation was lower than the guides the increased offer is within this range.*

*But I think using the trade guides as the sole indicator of the value of the car could lead to an unfair outcome. Mr S's car is a sports car with approximately £10,000 of additional specification from new with some desirable options. And given the specification it would be difficult for the trade guides to get a reliable value. I think this is the case here because the adverts I've seen for similar cars have a wide range of values.*

*The investigator looked at the market value of the vehicle, spoke to the manufacturer's sales garage, and looked at the likely cost of the additions, in order to achieve a market value. I think he's used the correct methodology and arrived at a fair sum. The investigator's valuation of £107,000 differs from Admiral's because I don't think it took into account Mr S's additions.*

### **Response to my provisional decision**

Neither party has raised any additional points or queried my findings.

### **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.

In light of the fact that neither Mr S nor Admiral had anything to add to the findings set out in

my provision decision (which I've reproduced here and which forms part of this final decision), I'm satisfied it represents an appropriate way to resolve the dispute. For the reasons I've set out above I'm upholding Mr S's complaint.

### **Putting things right**

I think a figure of £107,000 is a fair settlement in the circumstances and takes into account the additional optional extras on the vehicle. So the valuation is £3250 more than the increased offer from Admiral, and £11,215 more than the initial offer.

So I think Admiral should settle the claim based on a valuation of £107,000 less the excess and any amount already paid in settlement of the claim.

I also think Admiral should pay interest at a rate of 8% simple per year on the additional amount from the date of the original offer to Mr S to the date of the settlement.

### **My final decision**

For the reasons I've explained I uphold this complaint and direct Admiral Insurance (Gibraltar) Limited to do what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 August 2023.

Kiran Clair  
**Ombudsman**