

The complaint

Mr S has complained about the amount Admiral Insurance (Gibraltar) Limited paid in settlement of a claim he made under his motor insurance policy.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again in full detail here. But to briefly summarise, Mr S is unhappy with the valuation placed on his vehicle following a total loss claim under his policy.

Our investigator didn't think Mr S's claim should be upheld. She said Admiral's valuation was within the range of valuations returned by the recognised motor industry trade guides our service relies on when considering complaints of this nature. She agreed Admiral had caused Mr S some distress and inconvenience in its handling of the claim. But she thought its apology and offer of £250 compensation was fair. So, she didn't think Admiral needed to do anything further.

Mr S didn't accept our investigator's assessment. So, as no agreement had been reached, the complaint was passed to me to decide.

I was minded to reach a slightly different outcome to that reached by our investigator. So, I issued a provisional decision, to give the parties the opportunity to respond before I reached a final decision. Here's what I said:

"What I've provisionally 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 minded to reach a slightly different outcome to that reached by our investigator. I'll explain why.

*Mr S's policy covers him for the market value of his vehicle, at the time of loss – which is fairly standard within the motor insurance industry.
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 prices immediately before the loss happened. Use of the terms 'market' refers to where your vehicle was purchased. This value is based on research from industry recognised motor trade guides."

Admiral based its valuation on the higher of the two valuations it obtained from some of the recognised motor industry trade guides our service typically relies on when considering these complaints. It used a reasonable estimate of the mileage (given the car had been stolen and so a reading couldn't be obtained) and the correct date of loss when obtaining these valuations, which were:

Glass's: £37,610

CAP: £37,750

Mr S complains that the valuation placed on his vehicle by Admiral is too low. He says he is unable to replace his vehicle with one of a similar make and model for that amount.

Our investigator obtained her own valuations from the four motor trade guides our service typically uses when assessing complaints about motor valuations – and this included checking the two guides Admiral had already used. She used the same mileage estimate and date of loss when obtaining these valuations, which provided the following market value figures:

- Glass's: £37,610*
- CAP: £37,500*
- Cazoo (formerly Cazana): £41,348*
- AutoTrader: £42,782*

Our service's normal approach in these types of complaints, considers that a valuation within the range of valuations returned by the trade guides is typically fair. However, in this case there is considerable variance within the range of values, with two guides returning similar values at the lower end, and two the higher end. In circumstances like this, I think a valuation around the average of the four guides would deliver a fairer outcome. To be clear, this would be the average of the valuations Admiral obtained from Glass's (which produced the same result) and CAP (which produced a marginally higher result), and the valuations our investigator obtained from Cazoo and Autotrader.

So, I'm minded to decide that Admiral should increase the valuation on Mr S' vehicle to £39,872.50. And to direct it to add 8% simple interest to any part of the settlement which remains unpaid, from the date Admiral decided to settle the claim for £37,750, to the date of settlement – to compensate Mr S for being deprived of funds he was reasonably entitled to under the terms of his policy.

I do appreciate that Admiral offered the higher of the two valuation guides it checked, which on face value doesn't seem unfair. However, given Mr S' arguments about the relative rarity of the vehicle in the UK and the advertised prices he showed were available on the market, I think Admiral ought to have conducted more detailed investigations into the market value – as our investigator did. Had it done so, I think it would likely have discovered the discrepancy between the guides and realised that a valuation closer to the average would have been fairer.

I've also thought carefully about Mr S' view that the sales adverts give a better reflection of the market value than the trade guides. But, as our investigator explained, our service typically finds the motor trade guides to be more persuasive than sales adverts, largely because their valuations are based on nationwide research and likely sales figures all of which are updated regularly. The guides also take into account regional variations. We're confident these guides give a good reflection of the true market value of a vehicle.

I have considered the adverts provided by Mr S, which is partly why I said Admiral ought to have carried out further investigations and/or checked additional guides. But I find the motor trade guides to be more persuasive than sales adverts (in isolation) because advertised prices are often the starting point of a negotiation and are what the seller would like to achieve, rather than the final price the vehicle actually sells for. And in this particular case, I'm mindful that some of the adverts Mr S has provided are for vehicles with significantly lower mileage than his, which is likely to have an impact on the advertised price and which wouldn't necessarily be line with his policy definition of 'market value'.

Based on all the above, I don't find the adverts provided by Mr S to be more persuasive than the valuations returned by the motor trade guides. But, as explained above, I do think a valuation of £39,872.50 is fairer, given the discrepancy between the four guides and the relative rarity of the vehicle in the UK.

Mr S has also complained about Admiral's handling of his claim. He says the claims process took too long, he wasn't kept updated, he spent significant time on hold when calling for updates and that he wasn't given call backs when promised. Admiral accepted its service had fallen short and offered £250 compensation. I think that amount, along with Admiral's apologies, is sufficient to fairly compensate Mr S for the impact of Admiral's failings here. I've carefully considered everything Mr S has said about his personal circumstances during this time and how Admiral's failings exacerbated them. But taking everything into account, £250 is in line with what I would have awarded for these failings, had Admiral not made an offer.

However, as I'm minded to decide that Admiral reached an unfair valuation on Mr S' vehicle, I think he has suffered additional distress and inconvenience as a result of this. So, in addition to the £250 already offered for the service failings, I think Admiral should pay a further £100 to put things right."

I asked both parties to provide any additional comments or evidence they wanted me to consider before I reached my final decision.

Mr S responded and pointed out that some of the adverts he provided were for older cars than his yet were still more expensive. However, despite this, he confirmed he accepted my provisional decision.

Admiral didn't respond to my provisional decision, and the deadline to do so has now passed, so I'm moving forward with this, my final 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.

Mr S accepted my provisional decision, and Admiral hasn't provided a response. So, in the absence of any new evidence or arguments to consider, I've reached the same conclusions outlined in my provisional decision – and for the same reasons.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr S' complaint.

Admiral Insurance (Gibraltar) Limited must:

- Increase the settlement offer to £39,872.50, less the policy excess, and pay 8% simple interest on any part of the settlement which remains unpaid, calculated from the date Admiral made the decision to settle the claim at £37,750 to the date the payment is made.
- Pay Mr S a total of £350 compensation for the distress and inconvenience it has caused him.

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

Adam Golding
Ombudsman