

The complaint

Mr T 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 passenger van, first registered in 2015.

From at least early December 2021, Mr T had a comprehensive policy with Admiral.

According to DVLA, the van passed an MOT test on 21 January 2022 with a recorded mileage of about 142,000.

On about 25 January 2022, Mr T paid £13,250.00 for the van. He added it to the policy for the period from 25 January 2022 to early December 2022. The policy schedule said that any claim for theft would be subject to a policy excess of £150.00.

In mid- February 2022, Mr T reported that someone had stolen the van.

Admiral gave a pre-theft valuation of the van of £10,305.00. It deducted the excess of £150.00 and paid Mr T the balance of £10,155.00. Mr T complained to Admiral that it wasn't enough.

He wrote a letter dated late March 2022. He said he'd paid £13,600.00 to replace the van with a similar one earlier that month.

By a final response dated mid-May 2022, Admiral said it had seen trade guide figures as follows:

Caps: £ 8,125.00

Glass: £11,697.00

Admiral said it was increasing its valuation to £11,697.00 and that it was paying "*the difference in valuation*". It also said it was sending Mr T an additional sum as follows:

for distress £ 30.00

for inconvenience £ 60.00

for the late review of the file £ 25.00

total £115.00

Admiral said it had added interest of £20.74 to the difference in the valuation amount.

In August 2022, Mr T made a subject access request to Admiral.

In mid-October 2022, Mr T brought the complaint to us.

our investigator's opinion

Our investigator didn't initially recommend that the complaint should be upheld. He thought that Admiral's figure of £11,697.00 reflected the market value of the vehicle at the time of loss. Mr T disagreed with the investigator's opinion. He and his representative provided further information.

Our investigator changed his view. He recommended that the complaint should be upheld. He thought that using the trade guides alone led to an unfair outcome. He recommended that Admiral should:

1. pay the value of £13,250.00. He said this was an extra payment of £1,496.00 (but I disagree-see my calculations below) plus interest at 8% per year from the original payment date until this payment is made; and
2. pay £200.00 for any trouble and upset caused.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr T and to Admiral on 10 July 2023. I summarise my findings:

I didn't consider that the Glass's guide figure of £11,697.00 was a fair valuation for the van at the time of its loss.

I found it fair and reasonable to direct Admiral to adopt a pre-loss market value of £13,250.00 and to pay Mr T that amount less the excess of £150.00 insofar as it hadn't already paid him. I calculated that as follows:

market value	£13,250.00
less excess	£ 150.00
total to pay	£13,100.00
less paid February 2022	£10,155.00
less paid May 2022	£ 1,392.00
total paid	£11,547.00
balance to pay	£ 1,553.00

Whilst I wouldn't find it fair to direct Admiral to pay Mr T for his time, I did find it fair and reasonable to direct Admiral to pay compensation for the distress and inconvenience it caused him.

Subject to any further information from Mr T or from Admiral, my provisional decision was that I upheld this complaint in part. I intended to direct Admiral Insurance (Gibraltar) Limited to pay Mr T (in addition to its previous payments):

1. a further £1,553.00 for the market value of the car; and

2. simple interest on that amount at the yearly rate of 8% from 16 February 2022 to the date of the 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 T 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; and
3. £150.00 for distress and inconvenience.

Admiral disagreed with the provisional decision in part. It says, in summary, that:

- It made the following payments:

25 February 2022	£10,155.00
27 February 2022	£ 274.00
17 May 2022	£ 1,392.00
total	£11,821.00

- Therefore, the balance to the customer based on the increased value is £1,279.00.

Mr T says, in summary that:

- Admiral made the following payments:

25 February 2022	£10,155.00
27 February 2022	£ 274.00
17 May 2022	£ 1,527.74
total	£11,956.74
less compensation	£ 115.00
total	£11,841.74

- Admiral owes £1,258.26 plus interest.

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 included the following definition:

"Market value

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."

The Financial Ombudsman Service expects an insurer to refer to the retail figures in certain trade guides when assessing market value of a vehicle. We usually find the guides persuasive because they are based on extensive research of likely selling prices.

Typically each of the guides provides a different figure, so there is a range of figures. We may disregard a figure that is out of line with the others. Subject to that, we often say that a valuation within the range is a fair valuation.

Compared to the trade guides, we usually find advertisements less reliable as they contain

the sellers' asking prices that are subject to negotiation downwards.

Nevertheless, we look at all evidence to see whether the insurer has treated the policyholder fairly.

In the case of a vehicle purchased within a month or so before the loss, we usually look at the purchase price. Often, that price wouldn't make any difference as the purchaser may have paid more than market value.

In Mr T's case, I would disregard the CAPS figure as out of line with the Glass's and Cazoo figures. So, on the face of it, the range started from the Glass's figure of £11,697.00. But that's a much lower amount than the £13,250.00 Mr T paid a dealer for the van on about 25 January – only about three weeks before he lost it on about 16 February 2022.

A market value of £13,250.00 at the time of its loss is, in my view, corroborated by other evidence. That includes the dealer's statement that other prospective purchasers were willing to buy the van at that price in January 2022 and willing to buy the replacement in March 2022 at £13,600.00. The other evidence also includes the Cazoo valuation of £13,192.00.

The advertisements Mr T found online were for vans of a higher mileage. But he has explained that the van had a refurbished engine with almost no running hours. So I consider that the advertisements also corroborate the valuation of £13,250.00.

For these reasons, I don't consider that the Glass's guide figure of £11,697.00 was a fair valuation for the van at the time of its loss.

Putting things right

To try to put things right, I find it fair and reasonable to direct Admiral to adopt a pre-loss market value of £13,250.00 and to pay Mr T that amount less the excess of £150.00 insofar as it hasn't already paid him.

To recap, Admiral initially valued the vehicle at £10,305.00, deducted the excess of £150.00 and paid Mr T the balance of £10,155.00.

Following the provisional decision, both Mr T and Admiral have said that it paid him a further £274.00 on about 27 February 2022. From my further review of the correspondence, I see that this was because Admiral had increased the valuation by that amount to £10,579.00.

Having done that, I see no reason for Admiral to make a further payment of £1,392.00 as I thought when I wrote the provisional decision. Rather, I would've expected that when Admiral further increased the valuation by £1,118.00 to £11,697.00, it would've paid Mr T a further £1,118.00.

However, both Mr T and Admiral say that it paid him more than that in May 2022. The difference between Mr T's figure of £1,527.74 and Admiral's figure of £1,392.00 is £135.74 which is the total of the compensation of £115.00 and the interest of £20.74.

So (excluding compensation and interest) I calculate the balance due as follows:

market value	£13,250.00
less excess	£ 150.00

total to pay	£13,100.00
less paid:	
25 February 2022	£10,155.00
27 February 2022	£ 274.00
17 May 2022	£ 1,392.00
total paid	£11,821.00
balance to pay	£ 1,279.00

I consider that Admiral's interest payment of £20.74 was at least as much as I would've found fair and reasonable as at 17 May 2022.

However, I've found that Mr T has been out of pocket in the further amount of £1,279.00 since about 16 February 2022. So I find it fair and reasonable to direct Admiral to pay further interest at our usual rate on that amount from 16 February 2022 to the date of its further payment. As I can't anticipate the date of further payment, I haven't calculated that interest.

In addition to keeping him out of pocket, Admiral's unfair valuations caused Mr T many hours of time spent researching valuations and our approach. Admiral has, until recently, maintained its valuation and not gone beyond what it paid at the time of the final response. That has gone on for over a year.

Whilst I wouldn't find it fair to direct Admiral to pay Mr T for his time, I do find it fair and reasonable to direct Admiral to pay compensation for the distress and inconvenience it caused him. Taking into account the impact on Mr T and the payments at the time of the final response, I find it fair and reasonable to direct Admiral to pay Mr T a further £150.00 for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. I direct Admiral Insurance (Gibraltar) Limited to pay Mr T (in addition to its previous payments):

1. a further £1,279.00 for the market value of the car; and
2. simple interest on that amount at the yearly rate of 8% from 16 February 2022 to the date of the 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 T 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; and
3. £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 August 2023.

Christopher Gilbert
Ombudsman