

The complaint

Mr R complains Admiral Insurance (Gibraltar) Limited (Admiral) did not offer fair market value for his car after it was written off as a total loss. He additionally complains about not being able to retain the non-standard wheels on his car and poor communication about the cancellation of his motor insurance policy.

What happened

In September 2022 Mr R was involved in an accident whilst driving his car. He made a claim on his motor insurance policy and his car was considered a total loss.

Admiral made a settlement offer of £5,024 for Mr R's car. This was increased to £5930 after Mr R made his complaint. Mr R discussed removing the wheels of the car to retain them and Admiral agreed to this. It made investigations into the possibility of Mr R doing this with its approved salvage partner who were holding the car during his claim.

In February 2023 before these investigations were concluded the car was sold for salvage.

Mr R said he was told by Admiral that it had cancelled his motor insurance policy. He said he then found the policy was still live, but no car was insured.

As Mr R was not happy with Admiral, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said Admiral did not support Mr R in retaining his alloy wheels and it was not clear to him his policy would be cancelled. They said it should pay Mr Ramsey £2,000 for his alloy wheels and £250 compensation to recognise the inconvenience caused by poor customer service provided during his claim.

As Admiral is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

Valuation

I have considered whether Admiral acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr R following the write-off of his car. My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr R's motor insurance policy with AA. In this case within the policy terms and conditions on page four it says;

"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."

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I looked at the information Admiral used when calculating the market value for Mr R's car. Initially it paid £5,024 less his policy excess but after he made his complaint about this value this was increased to £5,930 less excess.

I looked at the valuations our investigator obtained and the amount of £5,930 paid by Admiral was higher than the average of these valuations and therefore I am satisfied that £5,930 is a reasonable offer.

Alloy Wheels

I saw in Mr R's motor insurance schedule non-standard alloy wheels were included as a modification to the car.

I saw evidence in November 2022 Admiral agreed Mr R could retain the alloy wheels and it asked its approved salvage partner to arrange a time for him to come and do this. The salvage yard were unable to allow him to do this on-site for Health and safety reasons and tried to organise through Admiral for this to be completed off-site.

I saw Mr R contacted Admiral and also its approved salvage partner a number of times to progress removing the alloys from the car but was unsuccessful. There was no clarity on who Mr R should be contacting to sort this out. Mr R's car was sold for salvage before this was arranged. I don't think Admiral provided the support it could have for Mr R to collect the alloys it said he could retain.

Mr R provided evidence of the £2,000 cost of the alloy wheels.

Admiral offered to pay Mr R £1,500 for the alloy wheels. It said it did not offer the full amount as the wheels will have suffered some depreciation.

As the alloy wheels were purchased by Mr R only three weeks prior to the incident, I think he should be reimbursed the full cost of £2,000.

Cancellation of policy

I have seen no evidence of Admiral informing Mr R of the status of his policy after it settled his claim, and the car was deemed a total loss. I have seen nothing that confirms if he was told either the policy was active with no cars recorded on it, or that it was cancelled.

Mr R said he had tried to access his policy through the online portal, and it was here he learned his policy was cancelled.

Page 21 of the terms and conditions of the policy it says;

"We are entitled to:

- *stop cover immediately and cancel your policy if your vehicle is deemed a total loss or is stolen and unrecovered*
- *once the claim is settled your vehicle will become our property."*

Therefore by cancelling the policy Admiral acted with the terms and conditions.

Although Admiral acted within the terms of the policy, and cancellation is detailed within his policy documents, I think it should have confirmed cancellation to Mr R when his claim was settled so that he was clear his policy was cancelled.

Therefore, I uphold Mr R's complaint and require Admiral to pay Mr R £2000 for the alloy wheels it said he could retain. Plus £250 for the distress and inconvenience caused when despite numerous attempts by Mr R it failed to assist him to retain the alloy wheels, and also for not being clear the policy was cancelled.

My final decision

For the reasons I have given I uphold this complaint.

I require Admiral Insurance (Gibraltar) Limited to pay Mr R £2,000 for the alloy wheels it said he could retain. Plus £250 for the distress and inconvenience caused when despite numerous attempts by Mr R it failed to assist him to retain his alloy wheels, and also for not being clear the policy was cancelled.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 October 2023.

Sally-Ann Harding
Ombudsman