

The complaint

Mr M complains that the amount Admiral Insurance (Gibraltar) Limited ('Admiral') offered to settle his motor insurance claim is too low.

What happened

In May 2023, Mr M's car was stolen from his driveway. He then made a claim on his motor insurance policy.

Admiral said that to settle the claim, it would pay the market value of the vehicle. It consulted two motor trade valuation guides and said it thought Mr M's car was worth £6,235 on the day it was stolen. However, as the car did not have an MOT at the point of theft, Admiral deducted 10% from the valuation.

Mr M did not accept Admiral's valuation. He thought Admiral had based its valuation on his car being a diesel car with manual transmission when it was actually a petrol car with automatic transmission. Mr M accepted that the vehicle had no MOT when it was stolen but said this was a genuine oversight on his part. He didn't think 10% should have been deducted from the valuation.

Our investigator considered Mr M's complaint. In doing so, he consulted four valuation guides and obtained the following valuation results: Guide 1 - £5,850; Guide 2 - £6,880; Guide 3 - £6,300; and Guide 4 - £6,664. After considering that information, our investigator thought Admiral's offer was fair. He also thought it was fair for Admiral to make a deduction from the settlement because Mr M's car did not have a valid MOT.

Mr M did not accept that view. He reiterated his view that Admiral's valuation was based on a manual diesel car and not an automatic petrol car. As Mr M did not accept our investigator's view, the matter has been passed to me for an ombudsman's 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.

I know Mr M will be disappointed with my decision, but I'm afraid I haven't upheld his complaint. I'll explain why.

The terms and conditions of Mr M's motor insurance policy say that where his vehicle has been stolen, Admiral will settle the claim by paying the market value of the car as at the day it was stolen. 'Market value' is defined in the terms and conditions as the cost of replacing Mr M's car with one of a similar make, model, year, mileage and condition based on market prices. The terms say that the market value will be based on research from industry recognised motor trade guides.

Assessing the value of a car isn't an exact science. Like most insurers, this service often finds valuation guides persuasive. That's because the valuations are based on nationwide research. As a service, we generally consider the valuation guides to be helpful in showing likely selling prices at the month of loss.

In this case, Admiral consulted two valuation guides to decide on its valuation – but it was unable to give us full evidence of its valuations. So, our investigator then looked at four

valuation guides to see if Admiral's valuation was fair. I know Mr M was concerned that the wrong specification for his car had been used. But in considering the valuations obtained by our investigator, I can see that the correct registration, make, model, mileage and date of loss were entered. I'm satisfied that the valuations did take account of Mr M's vehicle being a petrol car and automatic transmission.

The valuations obtained by our investigator ranged from £5,850 to £6,880. Admiral said it thought Mr M's car was worth £6,235 on the day it was stolen. That amount is within the range of valuations obtained by our investigator. It follows that I'm satisfied that Admiral's valuation is fair.

I know that Mr M is not happy that Admiral deducted 10% from the settlement because his car did not have a valid MOT. Mr M told us that this was an oversight on his part and that his garage had not texted him a reminder. I have no reason to doubt what Mr M said on this point and I accept that the reason the car had no MOT may well have been an unintended omission. However, I think it would generally be harder to buy a car without a valid MOT and that probably would have affected the value of Mr M's vehicle. With that in mind, I think it was fair for Admiral to deduct 10% from its valuation.

I know he will be disappointed with my decision, but for the reasons I've set out above, my decision is that Admiral's offer to settle Mr M's motor insurance claim is fair. I don't need to tell Admiral to take any further action in this case.

My final decision

I don't uphold this complaint about Admiral Insurance (Gibraltar) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 December 2023.

Nicola Bowes
Ombudsman