

The complaint

Ms N complains that Admiral Insurance (Gibraltar) Ltd mishandled her claim on a motor insurance policy.

What happened

The subject matter of the claim and the complaint is a sports utility vehicle, made by a premium brand manufacturer and first registered in 2018.

Ms N acquired the car in June 2022. She says the cost was £46,300.00, she paid a deposit and funded the balance by an agreement with a finance company.

Ms N insured the car for the year from early June 2022, on a comprehensive policy with Admiral. Any claim for damage (except to glass) was subject to an excess of £600.00. The policy covered Ms N to use the car for her business.

Unfortunately, in late December 2022, a third party damaged the car. Admiral said it was a total loss. Admiral said its pre-accident value had been £35,010.00.

By early February 2023, Ms N had complained to Admiral that it was under-valuing the car. By a final response dated mid-February 2023, Admiral referred to the following trade guide valuations:

Glass's	£35,010.00
CAP	£35,700.00

Admiral's final response included the following:

"I have increased settlement by £690 - this is based on the highest of the guides. Your final valuation is therefore £35700 and as no payment has yet to be made following any deductions which includes policy excess and outstanding finance, this will be received shortly in the amount of £21,649.31 Please note cashing the payments we have sent shall not prejudice your position should you later approach the Financial Ombudsman Service"

Admiral apologised and offered £100.00 for the distress and inconvenience caused.

Ms N brought her complaint to us without delay.

our investigator's opinion

Our investigator recommended that the complaint should be upheld. She referred to the above trade guide figures and to the following trade guide figures:

Cazoo	£41,921.00
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Auto Trader £42,432.00

The investigator thought that £35,700.00 was at the lower end of the range of the valuations. She recommended that Admiral should pay Ms N £41,921.00 along with 8% simple interest from 2 February 2023, when the first offer was made to the date of settlement.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Ms N and to Admiral on 15 August 2023. I summarise my findings:

I was minded to find that the valuation of £35,700.00 was not a fair and reasonable figure.

I was minded to find it fair and reasonable to direct Admiral to value Ms N's car at £38,765.75.

I intended to direct Admiral to pay Ms N the following balance:

valuation	£38,765.75
less excess	£ 600.00
less paid	£35,100.00
balance to pay	£ 3,065.75

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

1. £3,065.75 for the value of her car; and
2. simple interest on that amount at the yearly rate of 8% from the date of its payment to her in about February 2023 to the date of its payment of that amount. If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from this interest, it shall tell Ms N how much it has deducted and provide her with a certificate so that she may reclaim the tax if appropriate.

Ms N disagreed with the provisional decision. She said, in summary, that:

- Through purchasing the car from a main dealer, she received a two-year warranty and two-year assistance package from the manufacturer. She doesn't think the trade guides include the cost of that.
- She hasn't been able to buy a car of the same model for the trade guide prices.
- The price around £42,000.00 was a fairer option.

Admiral didn't respond to the provisional 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.

We expect an insurer to value a used vehicle by reference to the retail figures in certain trade guides. We regard those guides as persuasive because they are based on extensive

research of likely selling prices.

We will look at all relevant evidence. But compared to the trade guides, we usually find advertisements less persuasive. That's because an advertisement contains the seller's asking price, which may be subject to negotiation downwards.

Typically, each trade guide contains a different figure for the same vehicle. So they form a range of figures. Where one of the figures is out of line with the others, we may disregard it as an outlier. Subject to that, we often say that any figure within the range is a reasonable figure.

In my view, the damage and the need to make a claim were bound to cause Ms N upset and inconvenience. That included the need to provide information and documents to Admiral as required by the policy terms.

I've noted the make, model, specification, age, recorded mileage and pre-accident condition of Ms N's car. I've checked each of the four trade guide figures set out above. The lower two figures are out of line with the higher two figures. But I don't disregard any of them. So I could've concluded that £35,700.00 was a fair figure.

But I also take into account the advertisements Ms N found, all between about £42,000.00 and about £46,000.00. I also take into account Admiral's offer of the average of the four trade guide figures - £38,765.75.

So I find that the valuation of £35,700.00 was not a fair and reasonable figure.

Response to the provisional decision

I accept Ms N's statement that - when she bought the car in June 2022 – she paid extra for a two-year warranty and a two-year assistance package. By December 2022, most of that period was yet to come. However, the car was a total loss. And the policy covered the market value of the car in December 2022. I'm satisfied that the trade guide figures take into account the prices charged by main dealers for replacement cars with a warranty.

I also accept Ms N's statement that her recent experience is that she can't get a replacement at the trade guide figure. However, the trade guide figures are for December 2022, and it may be that values have gone up this year. So I'm not persuaded that £42,000.00 is a fair value for the car in December 2022.

Putting things right

I find it fair and reasonable to direct Admiral to value Ms N's car at £38,765.75.

From its final response, I think that Admiral has made payments as follows:

final response valuation	£35,700.00
less excess	£ 600.00
balance	£35,100.00
paid to finance company	£13,450.69
paid to Ms N	£21,649.31

total paid	£35,100.00
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So I intend to direct Admiral to pay Ms N the following balance:

valuation	£38,765.75
less excess	£ 600.00
less paid	£35,100.00
balance to pay	£ 3,065.75

That means that since the payments in about February 2023, Ms N has been out of pocket in the amount of £3,065.75. So I will direct Admiral to pay her interest on that amount at our usual rate.

I consider that by under-valuing the car (twice), Admiral caused Ms N extra distress and inconvenience at an already difficult time for her. However, much of that was to do with being out of pocket, for which I consider interest is compensation. So on balance, I'm satisfied that Admiral's payment of £100.00 was fair compensation for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance (Gibraltar) Ltd to pay Ms N – in addition to its previous payments:

1. £3,065.75 for the value of her car; and
2. simple interest on that amount at the yearly rate of 8% from the date of its payment to her in about February 2023 to the date of its payment of that amount. If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from this interest, it shall tell Ms N how much it has deducted and provide her with a certificate so that she may reclaim the tax if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 26 September 2023.

Christopher Gilbert

Ombudsman