

### **The complaint**

Mrs H has complained about Admiral Insurance (Gibraltar) Limited. She isn't happy about the valuation of her car after it was deemed a total loss after a claim under her motor insurance policy.

### **What happened**

Mrs H made a claim under her motor insurance policy and her car was eventually deemed a total loss. When Admiral looked to settle the claim Mrs H wasn't happy with the valuation of her car.

Admiral looked to value Mrs H's car after it was written off by looking at two of the various trade valuation guides in order to gauge the market value of her car. It offered Mrs H around £15,065 (which was the average of the two guides) less the policy excess. But Mrs H wasn't happy about this as she thought her car was worth more and so she complained to this Service.

Our investigator looked into things for Mrs H and upheld her complaint. He looked at the various motor trade valuation guides available for Mrs H's car from around the time of claim and thought that Admiral should pay slightly more for Mrs H's car (£15,385 as opposed to Admiral's offer of £15,065). This was because he had got valuations from all four available guides (Admiral only used two) and the average of those was a few hundred pound more, so our investigator thought this was fairer.

Admiral accepted the investigators findings but Mrs H didn't, suggesting that just the highest valuation guide should be used. So, the matter has been passed to me to decide.

### **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.

Having done so I agree the complaint should be upheld in line with the investigators view. I know it will come as a disappointment to Mrs H who only wants the highest guide used, but I think an average of all four guides feels fair. I'll explain why.

I can understand Mrs H's position, as she clearly feels her car is worth more than Admiral offered her, and our investigator agreed. I know Mrs H feels the way her car has been valued has left her out of pocket. But this Service has an established approach to valuation cases like Mrs H's. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car. I pay attention to the various trade valuation guides used for valuing cars. And I look at any other evidence provided by both sides. This evidence might include advertisements for the

sale of similar cars. But I generally place less weight on these than on the trade guides, as the guides give an up-to-date estimate of the value of the car in question. The condition of the car at the time of the incident is also an important factor to consider. And I must emphasise that I will only ask a business to increase its valuation if I consider it is unfair.

I know Mrs H doesn't agree with this approach and feels her car is worth more than Admiral initially offered or the increased valuation our investigator suggested should be paid. But, while I understand her position and why she wants a higher value for her car, I'm satisfied that an average of the four valuation guides (£15,385) feels fair.

I understand that Mrs H feels the guides Admiral relied on, and formed part of the investigator's valuation verification process, are solely auction based and so shouldn't be used, but that isn't the case. All the guides are based on extensive nationwide research of likely selling prices and use advertised prices and auction prices to work out what the likely selling value of a car like Mrs H's would have been. And so, I don't think it would be fair to just rely on one valuation guide as opposed to another and an average of all four feels fair. Plus, it is clear the make, model and details of Mrs H's car were used to value her vehicle and so I'm satisfied the correct details have been used to gauge the value of her car.

Ultimately, valuing second-hand cars is far from an exact science and it isn't my role to value Mrs H's car. I'm just looking to see if Admiral has acted reasonably in providing a fair market value and I agree that its initial valuation was slightly low. And I don't think it would be fair to just use one guide valuation although I can understand why Mrs H would like more money for her car.

Given all of this, I think the fair and reasonable thing to do, in the particular circumstances of this case, is for Admiral to increase its valuation offer for Mrs H's car to £15,385. And it should pay simple interest for the time she's been without the shortfall in valuation.

### **My final decision**

It follows, for the reasons given above, that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay Mrs H £15,385 for her car and pay 8% simple interest for the shortfall from the date of claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before .

Colin Keegan  
**Ombudsman**