

The complaint

Mrs L complains that the amount Admiral Insurance (Gibraltar) Limited ('Admiral') offered to settle her motor insurance claim is too low.

What happened

Mrs L has a fully comprehensive motor insurance policy with Admiral. On 31 March 2023, her vehicle was damaged and Admiral decided it was not economical to repair it. After receiving an independent assessor's report, Admiral said it thought Mrs L's car was worth £25,500 on the day it was damaged.

Mrs L did not accept this valuation and she complained to Admiral. Admiral did not uphold the complaint and said its valuation was fair. Mrs L then brought her complaint to this service.

Our investigator considered the matter and didn't think Admiral's offer was fair. She looked at four valuation guides and found the following valuations: Guide 1 - £23,420; Guide 2 - £24,500; Guide 3 - £28,212; and Guide 4 - £28,922.

Our investigator compared these valuations to some adverts for similar cars as Mrs L's. She thought the valuations suggested by Guide 1 and Guide 2 were too low. So, she said a fair way to calculate the value of the car was to average the valuations for Guides 3 and 4. She said a fair value of the car was £28,567. Our investigator said that Admiral should pay £100 for distress and inconvenience that had been caused to Mrs L.

Admiral did not accept our investigator's view. It said it didn't think it was fair to disregard Guide 1 and Guide 2. It offered to increase its valuation of Mrs L's car to an average of the value of all four guides. On that basis, the car would have been worth £26,263.50 on the day it was damaged.

Our investigator looked at all of this again. She said she thought Admiral's offer to value the vehicle at £26,263.50 was fair and that it should pay £100 for distress and inconvenience caused to Mrs L.

Admiral accepted this, but Mrs L did not. She said Admiral should exclude the value of Guides 1 and 2 in calculating an average valuation. As Mrs L did not agree with our investigator, the matter was passed to me for a ombudsman's decision.

I issued a provisional decision because I thought our investigator's initial view was correct. I said:

"I intend to uphold the complaint and find that a fair valuation of Mrs L's car on the date it was damaged to be £28,567. I'll explain why.

In circumstances like this where it has been decided it is not economical to repair the car, Mrs L's policy says Admiral will pay the market value of the car less the policy's

excess. The policy defines 'market value' and says that it is '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 motor trade guides persuasive. That's because their valuations are based on nationwide research and they show likely selling prices at the month of loss.

In this case, Admiral didn't appear to consider the motor trade guides. Instead, it relied on the report it obtained from an independent assessor. That said, in arriving at his valuation, the independent assessor appears to have consulted at least one motor trade guide, but no evidence has been provided to show which guide was consulted or when. Without that evidence, I don't think it would be fair to rely on Admiral's valuation.

Our investigator ultimately said that a fair valuation of Mrs L's car would be to take an average figure from the four valuation guides she consulted— which would have meant the value of Mrs L's car was £26,263.50.

However, in this case, Mrs L has provided some adverts obtained at around the time the vehicle was damaged. Those adverts are all for cars of the same make, model and age as Mrs L's. I can see that they all have higher mileage than her car. The lowest priced car is £29,150 with 64,800 miles and the highest priced car is £30,090 with 62,950 miles. Mrs L's car had around 51,000 miles on the clock on the day it was damaged.

With that in mind and putting all the evidence together, I am provisionally satisfied that the adverts suggest the higher valuations as shown in Guides 3 and 4 are more likely to be correct. It follows then that a fair valuation of Mrs L's car would be to discount Guides 1 and 2 and take an average of Guides 3 and 4 instead. That means my provisional decision is that Admiral will need to settle Mrs L's claim on the basis that her car was worth £28,567 on the day it was damaged.

Our investigator recommended Admiral pay £100 to Mrs L to compensate her for the distress and inconvenience caused to her from its handling of the complaint. Admiral agreed it would pay that amount to Mrs L."

I asked the parties to provide me with any further information or evidence they wanted me to consider before I issued a final decision. Mrs L said she agreed with my decision. Admiral did not. It maintained its view that an average of all four valuations was fair in this case. It said adverts were not a fair reflection of the actual selling price and that it was not fair for me to disregard Guides 1 and 2.

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 have thought carefully about the further representations made by Admiral, but I am not persuaded to depart from my provisional view. I'll explain why.

When considering a case such as this, I must consider all the evidence before me. That evidence includes the valuation guides Admiral referred to - but I'm not bound by or restricted to only taking account of those valuation guides. I have looked at all the evidence in the round, and that includes the adverts sent to us by Mrs L.

Upon doing so, I accept that adverts do not reflect the actual selling price of a vehicle and there may be room for negotiation. But the adverts are not the sole reason I came to my provisional view. There is a significant difference of approximately £4,000 to £5,000 between Guides 1 and 2 and then Guides 3 and 4. The adverts are consistent with the values set out in Guides 3 and 4.

I remain of the view that when considering the evidence as a whole, the adverts provided by Mrs L suggest that a fairer market valuation of her vehicle would be closer to that set out in Guides 3 and 4. On that basis, it is fair to take an average of those figures, which means that a fairer valuation of Mrs L's vehicle on the day it was damaged is £28,567.

I uphold the complaint on that basis and require Admiral to take action to put things right as I have set out below.

Putting things right

I require Admiral to:

- Settle Mrs L's claim based on a valuation of £28,567.
- Pay simple interest on the difference between the initial settlement of £25,550 and £28,567. This interest is to be paid from the date the initial settlement was paid until the date the claim is finally settled. The rate of interest is to be 8% per year.
- Pay £100 to Mrs L for the distress and inconvenience identified above.

My final decision

I uphold this complaint and require Admiral Insurance (Gibraltar) Limited to put things right as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 11 December 2023.

Nicola Bowes
Ombudsman