

The complaint

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

What happened

Miss P's fully comprehensive motor insurance policy with Admiral was renewed on 8 March 2022.

On 18 February 2023, Miss P's car was damaged by a third-party and Admiral deemed the car to be a total loss. Admiral said Miss P's car was worth £11,851 and her policy had an excess of £225. So, it offered to pay £11,626 to Miss P to settle her insurance claim. Miss P complained to Admiral because she thought this amount was too low.

In response to the complaint, Admiral said that when it was deciding the value of Miss P's car, it took account of two valuation guides and an independent assessor's report. Admiral said it accepted the independent assessor's valuation of £11,851 because that was higher than the average from the two valuation guides.

Miss P was not happy with Admiral's response and so she complained to this service. She said her car had an in-built dashcam and she could not find this feature on any other car costing less than £20,000. She also thought Admiral's customer service had been poor.

Our investigator considered the complaint and thought Admiral should do more to put things right for Miss P. He said a fair valuation of Miss P's car would be the average figure from four valuation guides - which would have been more than the independent assessor's valuation.

Admiral did not accept our investigator's view. It said that its valuation of £11,851 was within the range of all the valuation guides and so was fair. As Admiral did not accept what our investigator said, the matter was passed to me for an ombudsman's decision.

I issued a provisional decision because I thought the complaint should be upheld. I said:

"...I intend to uphold the complaint. I plan to come to a slightly different outcome to what our investigator suggested because I think the valuation of Miss P's car should be increased. I'll explain why.

The terms and conditions that apply to Miss P's insurance policy say that where Admiral has offered a cash sum to replace a vehicle, it will pay the 'market value' of the car. The policy goes on to say that Admiral will determine the 'market value' of the car based on research from industry recognised valuation guides.

In this case, Admiral said that it relied on its independent assessor's report to determine the value of the vehicle. In considering that report, I can see the independent assessor considered some valuation guides. However, the valuation guides relied upon were not included in the report and no further information or evidence was supplied by Admiral when our investigator requested this.

Our investigator obtained his own valuations from four valuation guides, which were £11,360, £11,738, £12,338 and £12,350 respectively. I am satisfied that these valuations were based on the correct specifications for Miss P's car and the correct month of the loss.

He thought the average of these figures - £11,946.50 – was a fair valuation of Miss P's vehicle.

However, Miss P also supplied to us a number of adverts showing cars for sale of a similar make, model and mileage to the vehicle that was damaged. It looks as though Miss P gathered those adverts together not too long after her car was damaged. Of the three cars with similar mileage to Miss P's, the lowest advertised asking price was £12,495 and the highest was £13,950.

I accept that an advertised price is not necessarily the same as the selling price. But putting all the evidence together, it seems to me the adverts suggest the two higher valuations (which are pretty consistent) are more likely to represent a fair market value of Miss P's car.

Miss P told our investigator that her car had an in-built dashcam. I know she said that there were no other vehicles available with that feature for less than £20,000. However, the evidence before me doesn't suggest that the in-built dashcam added any particular value to the car. As things stand, it is difficult for me to say the additional feature added any value here.

So, to arrive at a fair valuation of Miss P's car, I think it would be fair to take an average of the two higher valuation guides that were obtained by our investigator. That means I intend to tell Admiral to settle Miss P's claim on the basis that her vehicle was worth £12,344 on the day it was damaged. I also plan to tell it to pay 8% simple interest on the difference between this amount and the initial settlement.

Miss P told us that she'd found the experience of dealing with Admiral very stressful and was upset that she felt she was losing out financially. She also felt that Admiral's customer service had been poor. I think Admiral's undervaluation of Miss P's car has caused her some distress and inconvenience and it would be fair for it to pay her a further £100 compensation because of that."

I asked the parties to provide me with any further information or evidence they wanted me to consider by 25 October 2023. Both parties said they agreed with my 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.

As both parties agree with my provisional decision, I see no reason to depart from it. So, for the reasons set out above, I have upheld this complaint and require Admiral to put things right for Miss P as I have set out below.

Putting things right

Admiral must take action to put things right for Miss P. It must:

- Settle Miss P's claim on the basis that her vehicle was worth £12,344 on the date it was damaged.
- Pay simple interest on the shortfall from the date of the initial payment until the date of final settlement. The rate of interest is 8% a year.
- Pay £100 to compensate Miss P for the distress and inconvenience I have 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 Miss P to accept or reject my decision before 11 December 2023.

Nicola Bowes
Ombudsman