DRN-4437071

The complaint

Mr B complains Admiral Insurance (Gibraltar) Limited hasn't offered a fair value for his car following its theft.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Mr B insured his car with Admiral under a motor insurance policy.

In June 2023, Mr B's car was stolen. Admiral offered £24,000 to settle the claim, less any deductibles such as Mr B's excess.

Mr B wasn't happy, so he complained about the valuation. Admiral didn't change its decision and said the top book valuation across the two guides it had checked is £24,000.

Mr B brought his complaint to our service for an independent review. He said he wasn't able to replace his vehicle like for like with the amount Admiral has offered. And he obtained an independent engineers report which valued the car at £29,680 but this didn't change Admiral's position.

An Investigator at this service looked into matters and, ultimately, issued a view that Admiral needed to pay more to Mr B – a further £3,609.50 plus interest and £100 compensation for the distress and inconvenience caused. This is because they ran their own valuations using the motor trade guides which gave two further valuations. This meant there were two at the higher end and two at the lower end. There was a considerable difference between the spread of the two sets of valuations and the Investigator found the higher values were more likely to be indicative of a fair market value. This is because the independent report (and adverts referred to in it) supported the higher end. So, they recommended Admiral pay an average of the two reports at the higher end, £27,609.50.

Mr B accepted the recommendation. Admiral didn't agree with the Investigators method of calculating a fair value. However, it did agree to the principle of paying an average of the four guides, subject to evidence.

As an agreement couldn't be reached, the matter was passed to me for a 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.

Having done so, I'm upholding Mr B's complaint. I'll explain why.

It is my role is to decide whether Admiral has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I don't think it has.

Where a car has been damaged, it's usual for the insurer to pay the consumer the market value of the vehicle immediately before the loss. This is what Mr B's policy provides. It defines the market value as follows.

> '*The cost of replacing your vehicle; with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened. Use of the term 'market' refers to where your vehicle was purchased. This value is based on research from industry recognised motor trade guides.*'

This means Admiral will pay the value of the car immediately before the accident which, here, it determined to be £24,000. Admiral referred to two trade guides to obtain a value for the car. The guides gave different figures, of £23,000 and £25,000 which isn't unusual. It then made an offer to Mr B of the average of those guides.

We use the same trade guides – in addition to two others - to help decide if a settlement offer is fair when valuing second-hand vehicles. In the absence of other evidence, we may find these guides to be persuasive evidence of market value as their valuations are based on nationwide research of likely sales figures.

The two further motor trade guides obtained recently by this service are for cars of the same make, model, age and mileage as Mr B's at the date of loss. These gave valuation figures of £27,676 and £27,543. I've also seen the independent engineers report which valued Mr B's car at £29,680. That report contained adverts to support this valuation.

In light of this, I don't consider Admiral has demonstrated it has acted fairly in reaching the value it has. I say this because I'm more persuaded an average of the two higher guides (£27,609.50) is a fairer reflection of market value than the offer made by Admiral. I also consider this to be more comparable with the independent report and adverts contained therein.

In summary, I'm not satisfied Admiral's offer for the market value of Mr B's car was fair according to the terms and conditions of the policy. It now needs to put things right.

Putting things right

Admiral Insurance (Gibraltar) Limited must pay Mr B the following.

1. The difference between what it valued his car at (£24,000) and the market value (£27,609.50) which I calculate to be £3,609.50.
2. 8% simple interest payable one month from the date the claim was made up to the date of actual payment (making an appropriate reduction for any interim payments made, on the date they were made).
3. £100 compensation for the distress and inconvenience. Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mr B accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

*If Admiral Insurance (Gibraltar) Limited considers it's required by HM Revenue & Customs to take off income tax from that interest it should tell Mr B how much it's taken off. It should also give Mr B a certificate showing this if he asks for one, so he can reclaim the tax from

HM Revenue & Customs if appropriate.

My final decision

For the reasons set out above, my final decision is I uphold this complaint. Admiral Insurance (Gibraltar) Limited needs to do the things set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 December 2023.

Rebecca Ellis
Ombudsman