

## **The complaint**

Mr M complains the settlement payment Admiral Insurance (Gibraltar) Limited (“Admiral”) did not offer a fair market value for his car after it was declared a total loss.

## **What happened**

Mr M has comprehensive motor insurance with Admiral. The policy began on 9 March 2022. Mr M made a claim on his motor insurance policy after his car was damaged. Admiral assessed the car and found it to be beyond economic repair. So it was written off as a total loss.

Admiral initially offered Mr M £4,500 in settlement of the claim. After Mr M complained Admiral further increased its offer to £5,500. But Mr M says the valuation wasn't fair and didn't take into account the condition of the car.

Following receipt of further information the valuation increased from £4,500 to £5,500 but Mr M thinks £6,500 is more appropriate. He says he paid over £7,000 for the car in March 2022 and spent thousands of pounds restoring it – so it had excellent paintwork and an immaculate interior. Mr M says the car had a new custom exhaust, a new radiator, and a new suspension.

Mr M says his car is a classic car and so can't be valued in the usual way. He wants Admiral to reassess the value of the car using a classic car specialist to ensure a fair valuation is offered.

Because he wasn't happy with the valuation he complained. Admiral said it was unable to obtain a valuation from the industry recognised guides it usually used. And so it instructed an Independent Assessor to provide a valuation for the vehicle. Admiral didn't uphold the complaint. Mr M wasn't satisfied with the response from Admiral so referred his complaint to this service.

One of our investigators looked into things for him. She said she hadn't seen any evidence to show Admiral's valuation of the vehicle was fair. So she recommended the matter be resolved by Admiral paying the difference between its valuation and Mr M's purchase price of £7,200. The investigator said there were no guide values for vehicles similar to Mr M's car, he had purchased it only relatively recently, and given the car's age it's unlikely there would be such depreciation in the car's value.

Admiral didn't agree. It said it had relied on its expert's opinion on the value of the vehicle, and the opinion was based on market research. Because Admiral didn't agree the complaint has come 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 considered the matter carefully and reviewed the evidence provided by both sides, I'm upholding the complaint. I think a fair valuation of the car on the date it was damaged is £7,200. I'll explain why.

This service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable, and in line with the terms and conditions of the policy.

In circumstances like this where it has been decided it is not economical to repair the car, Mr M's policy says Admiral will pay the market value of the car less the policy's excess. The policy defines market value as, *"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."*

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 valuations are based on nationwide research and they show likely selling prices at the month of loss.

In this case Admiral considered the trade guides but Mr M's car wasn't listed due to its age. So, it relied on a report obtained from an independent assessor. In considering that report I can see the independent assessor conducted some 'market research', however any guides relied on or details of the research were not included in the report. And no further information or evidence was supplied by Admiral when our investigator requested this.

The initial valuation was £4,500 and then it increased to £5,500 following *"further market research"*, but there is no evidence or information to explain as to what the revised valuation is based on. I note both reports are dated 5 January 2023.

Our investigator said a fair valuation of Mr M's car would be what he paid for the car given the evidence he's provided of the condition of the car at the time of the incident. Which would mean a value of Mr M's car of £5,500.

In this case Mr M has provided some adverts for cars of the same make, model and age of his. I can see some have a higher mileage than his car. The lowest priced car is £6,500 with 135,000 miles and the highest priced car is £11,000 with 91,000 miles.

I accept that an advertised price isn't necessarily the same as the selling price. But putting all the evidence together, it seems to me the adverts are more likely to represent a fair market value of Mr M's car.

In summary I don't think Admiral treated Mr M fairly in the settlement amount it offered him. It should now pay him £7,200 plus 8% simple interest on the difference between this amount and its settlement offer. It should calculate interest from the date the initial settlement was made until payment is provided.

### **Putting things right**

Admiral need to;

- Settle Mr M's claim based on the valuation of £7,200
- Pay simple interest, at a rate of 8% per year on the difference between the initial settlement of £5,500 and £7,200. This interest is to be paid from the date the initial settlement was paid until the date the claim is finally settled.

**My final decision**

For the reasons explained above I uphold the complaint and direct Admiral Insurance (Gibraltar) Limited to put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 December 2023.

Kiran Clair  
**Ombudsman**