

The complaint

Mrs and Mr W complain that the offer Admiral Insurance (Gibraltar) Limited made to settle their motor insurance claim is too low.

What happened

Mrs and Mr W had a fully comprehensive motor insurance policy with Admiral.

In January 2023, their vehicle was stolen, and they made a claim on their policy. Admiral offered to settle the claim on the basis that their vehicle was worth £17,450 on the day it was stolen. Mrs and Mr W did not accept that valuation and so they complained to Admiral.

In response, Admiral said that in making its settlement offer, it had consulted two valuation guides. It thought its valuation was fair but said there had been some administrative delays. It offered to pay £50 to Mrs and Mr W to compensate them for those delays.

Mrs and Mr W did not agree with what Admiral said and so they complained to this service. They said Admiral's valuation was too low and they sent a number of adverts for cars similar to theirs. They told us that Admiral had delayed dealing with their claim, which caused them stress and anxiety.

Our investigator consulted three valuation guides and the resulting valuations were: £16,792 (Guide 1); £17,650 (Guide 2); and £27,315 (Guide 3). She was unable to get a valuation from a fourth guide. Our investigator thought the valuation suggested by Guide 3 should be disregarded because it was not in line with Guides 1 and 2. She thought Admiral's offer to settle the claim was fair as it was within the range of the valuations suggested by Guides 1 and 2.

Mrs and Mr W did not accept that view. They said our investigator should have considered Guide 3 because the valuation from this guide was in line with the adverts they'd found. As Mrs and Mr W 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:

"As things stand, I intend to find that a fair valuation of Mrs and Mr W's car on the day it was stolen is £27,315. I'll explain why.

In circumstances like this where a vehicle has been lost to theft, Mrs and Mr W'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 valuation 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, I can see Admiral consulted two valuation guides and based its valuation on the higher of those two guides. These valuations were similar to those found by our investigator for Guides 1 and 2. However, I don't think that approach leads to a fair outcome here. When our investigator consulted Guide 3, the suggested value was significantly higher than that suggested by Guides 1 and 2. Mrs and Mr W also sent us several adverts for cars similar to theirs and said these adverts were more in line with the valuation in Guide 3.

I have carefully considered the two batches of adverts Mrs and Mr W sent to us. The first batch was obtained shortly after the vehicle was stolen. The second batch is from July 2023 - I haven't given significant weight to this batch because the adverts were obtained some considerable time after the vehicle was stolen. But I have taken account of the first batch that were obtained shortly after the vehicle was stolen.

Of those adverts, I have disregarded two very high valuations for bespoke vehicles. The remaining advertised prices range from £29,750 to £36,250. Most of the vehicles have lower mileage than Mrs and Mr W's. But the vehicle with the most comparable miles on the clock is a year younger than Mrs and Mr W's with an asking price of £30,594.

I can see Guide 3 also took account of a range of adverts. The price for the vehicle of a similar age with the closest (albeit lower) mileage to Mrs and Mr W's is £29,995. I have not seen a vehicle with similar mileage to Mrs and Mr W's advertised at all close to the valuation Admiral offered to settle the claim.

With that in mind and putting all the evidence together in this case, I am provisionally satisfied that the higher valuation as shown in Guide 3 is more likely to represent a fair valuation of Mrs and Mr W's car on the day it was stolen. That means I intend to tell Admiral to settle Mrs and Mr W's claim on the basis that their car was worth $\pounds 27,315$ on the day it was stolen.

Admiral offered to pay £50 to Mrs and Mr W for the distress and inconvenience they experienced because of Admiral's poor communication. I can see that it did take some time for Admiral to deal with Mrs and Mr W's complaint. And I understand that Mrs and Mr W were anxious about the outcome of their complaint, particularly considering how much was involved in the dispute. In my provisional view, it will be fair for Admiral to pay £150 to Mrs and Mr W to compensate them for the distress and inconvenience they were caused here."

I asked the parties to provide me with any further information or evidence they wanted me to consider by 15 November 2023 before I issued a final decision. Mrs and Mr W said they agreed with my provisional decision. Admiral said it did not accept my provisional decision, but it did not provide me with any further information to consider. It did request a copy of the Guide 3 valuation and a copy of that will be sent separately to this 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 neither party has given me any further information or evidence to consider in this case, I see no reason to depart from my provisional findings. So, for the reasons set out above, I uphold this complaint and require Admiral to take action to put things right.

Putting things right

I require Admiral to:

- Settle Mrs and Mr W's claim based on a valuation of £27,315.
- Pay simple interest on the difference between any initial settlement and the final

settlement. The rate of interest is 8% per year and it is to be paid from the date of the initial settlement up to the date the claim is finally settled.

• Pay £150 to Mrs and Mr W for the distress and inconvenience identified above. If Admiral has already paid £50 to Mrs and Mr W, it can deduct that amount from the amount it will now owe.

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 W and Mr W to accept or reject my decision before 19 December 2023.

Nicola Bowes Ombudsman