

## The complaint

Mr and Mrs J complain that Admiral Insurance (Gibraltar) Limited mishandled a claim on a motor insurance policy.

## What happened

The subject matter of the claim and the complaint is a sports utility vehicle, made by a premium-brand sports car maker and first registered in late 2009. Its features included a powerful engine, automatic transmission and all-wheel drive.

For the year from mid-January 2023, Mr J had the car insured on a comprehensive policy with Admiral. He was the policyholder. The policy also covered Mrs J as a named driver. Any claim was subject to a policy excess of £500.00.

Unfortunately, in June 2023, an accident damaged the car. Admiral said the car was a total loss.

For a car like Mr and Mrs J's at the time of the accident, Admiral found retail valuations in the following trade guides:

Glass's	£8,100.00
CAP	£9,700.00

Using the average of those two valuations, Admiral said that the pre-accident value had been £8,900.00.

Mr and Mrs J complained to Admiral that it was undervaluing the car and treating it as a total loss. Admiral replied to the complaint about valuation.

By an email dated early July 2023, Mr J pointed out that Admiral hadn't responded to the complaint about treating the car as a total loss. Admiral responded the next day.

By a final response dated 20 July 2023, Admiral turned down the complaint about valuation. It said the following:

*"I have today reviewed both Glass's Guide and CAP Valuation guides and the top book valuation across the two guides is £8,900.00."*

Admiral's final response said that it was sending Mr J a cheque as follows:

Market value	£8,900.00
Less excess	£ 500.00
Balance	£8,400.00
Interest 26 June to 20 July 2023	£ 44.18
Total	£8,441.18

Mr and Mrs J asked us to investigate. He said he wanted Admiral to pay to repair the car or at least to increase its valuation. He added that Admiral hadn't provided a loan vehicle.

#### *our investigator's opinion*

Our investigator recommended that the complaint should be upheld in part. She thought that Admiral was correct to deem the vehicle a total loss. However, she said she'd found the following further retail valuations in the trade guides:

Percayso	£12,447.00
Auto Trader	£12,538.00

She said she'd also found advertisements of comparable vehicles ranging from £10,999.00 through to £12,500.00.

She thought that an increased offer of £12,493.00 was fair as an average between the two higher guides.

She also thought that Mr and Mrs J hadn't been able to purchase a car that suited their needs, so they'd had to make alternative arrangements until we provided a recommendation. This had caused a level of inconvenience.

The investigator recommended that Admiral should:

1. increase their offer to £12,493.00; and
2. award 8% simple interest from the date of the original settlement to when it is paid; and
3. award £150.00 for the distress and inconvenience caused.

#### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr and Mrs J and to Admiral on 10 January 2024. I summarise my findings:

I was minded that Admiral should value Mr and Mrs J's car at £12,538.00. That would require a further payment as follows:

Valuation	£12,538.00
Less excess	£ 500.00
Less paid	£ 8,400.00
To pay	£ 3,638.00

I didn't don't doubt that Admiral's delay in making any payment caused inconvenience for Mr and Mrs J. Also, the investigator recommended £150.00 for distress and inconvenience and both Mr and Mrs J and Admiral agreed.

Subject to any further information either from Mr and Mrs J or from Admiral, my provisional decision was that I upheld this complaint in part. I intended to direct Admiral Insurance (Gibraltar) Limited to pay Mr and Mrs J (jointly):

1. In addition to its payment of £8,400.00, an additional £3,638.00 for the loss of the car; and
2. simple interest at a yearly rate of 8% on that additional amount of £3,638.00 from 26 June 2023 to the date of payment. If Admiral considers that it's required by HM

Revenue & Customs to take off income tax from that interest, it should tell Mr and Mrs J how much it's taken off. It should also give either of them a certificate showing this if either of them asks for one, so they can reclaim the tax from HM Revenue & Customs if appropriate; and

3. £150.00 for distress and inconvenience.

Mr and Mrs J agreed with the provisional decision. They add that they are both well within the HMRC tax-free limit for interest income this tax year.

Admiral accepted the provisional decision.

I see no reason to change my view.

### **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.

#### Admiral's decision that the car was a total loss

We accept that it's fair for an insurer to write off a damaged vehicle if the estimated cost of repairs is a high percentage (say 70%) of the pre-accident value of the vehicle.

Admiral's engineer estimated that the cost of repair of Mr and Mrs J's car was about £10,500.00. That was a high percentage of the car's pre-accident value (even if that value was about £12,500.00).

So I don't find that Admiral treated Mr and Mrs J unfairly by writing the car off.

#### Loan vehicle/ courtesy car

Mr J's emails in late June and early July 2023 didn't put to Admiral any complaint that it hadn't provided a courtesy car. And I haven't seen enough evidence that Mr or Mrs J made any such complaint until he included it in his complaint form to us.

The investigator's opinion didn't mention such a complaint. And Mr and Mrs J accepted that opinion without mentioning a complaint about a courtesy car.

So, under the rules by which we are bound, I don't consider that I can make any finding on a complaint about a courtesy car.

Nevertheless, I draw Mr and Mrs J's attention to the following part of the policy terms:

*“ IMPORTANT*

*...*

*A courtesy car will not be provided until the repairs have been authorised.*

*A courtesy car will not be provided if your vehicle is:*

*... beyond economic repair”*

I've found that the vehicle was a total loss, which I consider means, in this context, that it was beyond economic repair.

#### Pre-accident market value

I've noted the make, model, age, specification, recorded mileage and condition of the car before the accident.

Admiral has asserted that CAP and Glass's extract data from actual selling prices. However, my understanding is that CAP and Glass's use auction data as their primary source from which to estimate the likely selling price.

I need to state clearly that the Financial Ombudsman Service has evolved its approach to complaints about the valuation of used vehicles. We will continue to look at the retail figures in the four trade guides (CAP, Glass's, Percayso (formerly Cazana) and Auto Trader.

So it's relevant for me to say that the investigator actually found the following retail valuations in the trade guides:

Percayso	£12,247.00
Auto Trader	£12,538.00

The average of those two figures is actually £12,392.50.

However, from December 2023, we will usually regard the highest of the four trade guide figures as fair unless there is enough evidence to the contrary.

I accept that the Glass's and CAP valuations are much lower than the Percayso and Auto Trader valuations. However, the Percayso valuation is close to the Auto Trader valuation.

The existence of the lower valuations isn't enough to show that the highest valuation is unfair. And the only other evidence is advertisements which, in my view, support the highest valuation.

### **Putting things right**

So I don't consider that the investigator went far enough to put things right for Mr and Mrs J.

I consider that Admiral should value Mr and Mrs J's car at £12,538.00. That will require a further payment as follows:

Valuation	£12,538.00
Less excess	£ 500.00
Less paid	£ 8,400.00
To pay	£ 3,638.00

Admiral's final response implied that it should've made the payment of £8,400.00 by 26 June 2023. It paid interest on that amount from that date.

So I find it fair and reasonable to direct Admiral to pay interest at our usual rate from that date on the additional amount of £3,638.00.

When it considers whether it's required by HM Revenue & Customs to take off income tax from that interest, Admiral will note what Mr and Mrs J have said about their interest income for this tax year.

I accept Mr J's statement that he and Mrs J had to borrow a car from his parents in order to take their children to school. I don't doubt that Admiral's delay in making any payment caused such inconvenience for Mr and Mrs J. Also, the investigator recommended £150.00 for distress and inconvenience and both Mr and Mrs J and Admiral agreed.

So I consider that – in addition to the payments of interest – it's fair and reasonable to direct Admiral to pay Mr and Mrs J (jointly) £150.00 for distress and inconvenience.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance (Gibraltar) Limited to pay Mr and Mrs J (jointly):

1. In addition to its payment of £8,400.00, an additional £3,638.00 for the loss of the car; and
2. simple interest at a yearly rate of 8% on that additional amount of £3,638.00 from 26 June 2023 to the date of payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr and Mrs J how much it's taken off. It should also give either of them a certificate showing this if either of them asks for one, so they can reclaim the tax from HM Revenue & Customs if appropriate; and
3. £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 19 February 2024.

Christopher Gilbert

**Ombudsman**