

## **The complaint**

Mr H complains that the offer Admiral Insurance (Gibraltar) Limited made to settle his motor insurance claim is too low.

## **What happened**

Mr H had a fully comprehensive motor insurance policy with Admiral.

In April 2023, the vehicle was involved in an accident. Mr H reported this to Admiral and the car was deemed a total loss. At the time of the loss, Mr H's car had 100,071 miles on the clock. Admiral offered to settle the claim based on a valuation of £6,493. It said a £750 excess was payable and the amount due to Mr H was £5,743. Mr H says that the third-party driver's insurer had valued his vehicle at £6,750. He did not accept Admiral's valuation and said it was too low.

Mr H complained to Admiral. Admiral said its engineer had averaged two trade guides and valued Mr H's car at £6,493. Admiral said it had considered several adverts for similar cars but didn't think the adverts showed the value of Mr H's car was likely to be higher than £6,493. Admiral later informed Mr H that it had not retained copies of the adverts it looked at.

In addition to that, Admiral said that it hadn't done anything wrong in deducting the excess from the settlement figure. It also said it was not liable for a refund of the policy premium, Mr H's car tax or the cost of retaining his private plate. It did accept that there was a delay in issuing the total loss payment and so Admiral paid £10.37 in simple interest to compensate him for that.

Following extensive correspondence between the parties, Mr H complained to this service. He sent a significant number of adverts that he said showed his car was worth more than Admiral had offered. Mr H told us that Admiral had caused him significant stress and anxiety. According to Mr H, it had not responded to his correspondence. Ultimately, Mr H said he thought his car was worth between £15,000 and £20,000.

Our investigator considered the matter. He looked at the adverts sent by Mr H but didn't think any of them matched Mr H's vehicle. Our investigator considered four valuation guides but couldn't get a result from three because of the age of Mr H's car. A fourth guide gave a valuation of £7,500 and our investigator thought this was a fairer valuation of Mr H's car. He thought what Admiral said about the number plate, car tax and policy premium was fair.

Admiral did not accept our investigator's view. It said that it would be fair to average its engineer's valuation with the valuation guide obtained by our investigator. It said it was willing to increase its valuation to £6,996.50 and add simple interest.

Mr H did not accept what our investigator said and he did not accept Admiral's revised offer. He said the adverts he'd provided showed his car was worth more than our investigator thought. He also thought Admiral should cover his vehicle tax after the accident and pay the cost to transfer his plate.

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

“As things stand, I intend to uphold the complaint. I’ll explain why.

First of all, I want to set out what I am able to look at in this decision. I can see from the file that Mr H referred to the third-party driver’s insurer. Just to be clear, I can’t look at a complaint about the third-party insurer. I can only consider Mr H’s complaint about Admiral.

In addition to that, I understand Mr H made a further complaint about Admiral in connection to storage charges he had to pay. As that has been raised as a separate complaint, it does not form part of my decision.

With that in mind, the first thing I’ve considered in this decision is whether Admiral’s valuation of Mr H’s vehicle was fair. The terms and conditions that apply to Mr H’s complaint say that where his vehicle has been deemed a total loss, the most Admiral will pay is the market value of the car at the date of loss. Market value is defined in the policy as the cost of replacing Mr H’s vehicle with one of a similar make, model, age and mileage.

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 their valuations are based on nationwide research, and they show likely selling prices at the month of loss. Admiral said it looked at two valuation guides and that its engineer had also considered two valuation guides. However, no copies of the relevant guides have been provided to us. That means I cannot see the data relied upon to elicit the valuations in question and so I cannot fairly rely on Admiral’s valuations.

Our investigator consulted a number of valuation guides, but due to the age of Mr H’s vehicle, only one valuation was available. I can see that in obtaining this valuation, our investigator entered the correct make, model, age, date of loss and mileage for Mr H’s vehicle. This guide said Mr H’s car was worth £7,500 at the date of loss. The valuation guide also shows a number of cars available for sale at the date of loss. I note there is a car of the same age as Mr H’s with 101,000 miles on the clock, which shows as sold for £7,495. Mr H’s car had 100,071 miles on the clock when it was damaged. I think this clearly supports the valuation of £7,500.

I’ve considered whether either party has provided me with any evidence to suggest that the £7,500 valuation is unfair.

I can see that Mr H has gone to some time and trouble to send a considerable number of adverts he says shows his car was worth more. I’ve considered this information really carefully, but unfortunately, most of the adverts don’t show cars of the same age or similar mileage to Mr H’s. I’m also mindful that the adverts only show asking prices and not sold prices; whereas the valuation guide shows sold prices of at least one vehicle of the same age with very similar mileage to Mr H’s at the time of loss.

Admiral said I should take account of its independent engineer’s valuation. I have also carefully considered this argument. But I understand the engineer averaged the valuations from two valuation guides. I don’t have copies of these valuation guides and I don’t know what data was entered. That means in these particular circumstances, I don’t think I can put too much weight on the engineer’s valuation.

With all of this in mind, I am satisfied that the valuation of £7,500 as shown by the valuation guide obtained by our investigator seems fair.

I've next considered whether it is fair for Admiral to deduct the excess from Mr H's settlement. I know Mr H believes that the excess shouldn't be deducted because the accident wasn't his fault and that if he'd accepted the offer from the third-party insurer, he wouldn't have paid an excess.

But in this decision, I'm looking at the actions of Admiral. I know Mr H says he wasn't at fault for the accident, but the payment of an excess isn't linked to fault. It is payable because Mr H has made a claim on his policy. Mr H may be able to recoup the excess directly from the third party's insurer as an uninsurable loss. I can't say it was unfair for Admiral to deduct the excess.

As to the issues of the [vehicle] tax and the private number plate, I provisionally agree with our investigator that I cannot see either of these things are an insurable loss under the policy Mr H has with Admiral. I agree with our investigator that what Admiral said about refunding the policy premium is fair. I don't require it to take any further action in that regard.

I am mindful that Mr H raised some customer service issues he says he encountered with Admiral. I can see there has been considerable correspondence between the parties. It is clear from reading that correspondence that Mr H's dealings with Admiral have caused him a fair amount of distress. There has been some confusion about whether Admiral considered any adverts and this caused Mr H some upset. I can see how Admiral's undervaluation of Mr H's car will have caused him some uncertainty and contributed to his distress and inconvenience. On that basis, I provisionally require Admiral to pay £200 to Mr H to compensate him for this."

I asked the parties to provide me with any further information or evidence they wanted me to consider before I issued a final decision.

Admiral said it agreed with my provisional decision. Mr H did not. He provided some more adverts that he said showed his car was worth more than £7,500. He said the market for second-hand cars had changed and the value of his vehicle had increased. He also said that his car was ULEZ compliant, which also increased the value.

In his representations, Mr H indicated that Admiral had now waived his excess of £750 and agreed to reimburse his vehicle tax of £390. Mr H said that if Admiral could cover these costs, it would be fair for it to cover the cost to transfer his registration plate.

I asked our investigator to make some further enquiries of Admiral because it had not made us aware of these developments. It said that in response to a further complaint made by Mr H, it had waived the excess and agreed to cover the vehicle tax. It had refunded £750 and £390 to his nominated account on or around 24 January 2024.

### **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 uphold the complaint. However, I see no reason to depart from my provisional findings in respect of what I said about the valuation of Mr H's vehicle.

Mr H told us that the second-hand car market is growing and that the vehicle that was damaged was ULEZ compliant. I appreciate that Mr H feels very strongly about these points. However, the policy terms say that Admiral will settle Mr H's claim based on the market value at the date of loss. So, if the value of cars similar to Mr H's has increased since then because of the general second-hand market or for ULEZ compliant cars, I can't take that into account.

Mr H also sent me some more adverts. I know that Mr H has gone to some trouble to provide me with this information. But it is not clear when these cars were advertised for sale. If they were after the date of loss, it seems unlikely that they would reflect the value of Mr H's vehicle at the time of the accident. In any event, I explained in my provisional decision that the valuation guide showed a number of vehicles for sale at the date of loss and that the nearest vehicle to Mr H's was valued at £7,495. My view remains that £7,500 as shown by the valuation guide is a fairer valuation in all the circumstances of this case.

In my provisional decision, I said it was fair for Admiral to deduct the excess from its settlement. I understand that Admiral has now waived this cost and paid the excess to Mr H. It follows then that my view is now that Admiral cannot now apply the excess in this case. As Admiral has now paid an amount equivalent to Mr H's vehicle tax, I don't need to say anything further about this part of Mr H's complaint.

Mr H argues that if Admiral has now paid the excess and vehicle tax to him, Admiral should now cover the cost to transfer his registration plate. However, as I said in my provisional decision, this is not an insurable loss and so I don't require Admiral to cover that cost.

For completeness then, my decision is that a fairer valuation of Mr H's car is £7,500 as suggested by our investigator. As Admiral agreed to refund the excess to Mr H, it cannot now deduct this amount from the settlement. I do not require Admiral to cover the cost to transfer Mr H's registration plate because it is not an insurable loss. However, given the customer service issues and resulting distress and inconvenience that I identified in my provisional decision, I do require it to pay £200 to compensate him for that.

### **Putting things right**

I intend to require Admiral to:

- Settle Mr H's motor insurance claim based on a valuation of £7,500. Admiral cannot deduct the excess.
- Pay simple interest\* on the difference between any interim payment and the final settlement. The rate of interest is 8% a year.
- Pay £200 to Mr H to compensate him for the distress and inconvenience I have identified above.

\* If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give him a tax deduction certificate if requested, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **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 Mr H to accept or reject my decision before 12 March 2024.

Nicola Bowes  
**Ombudsman**