

The complaint

Mrs B complains about the service and vehicle value given to her by Admiral Insurance (Gibraltar) Limited (“Admiral”) during a claim under her motor insurance policy.

What happened

Mrs B had a motor insurance policy with Admiral covering her vehicle, which was a rare model with nine seats and very specific specification levels including its interior trim and engine.

In May 2023 Mrs B was at a petrol station and noticed sparks coming from the engine area.

This was dealt with, and she contacted Admiral and made a claim for the damage.

Admiral assessed her vehicle as being beyond economic repair. It said it would declare it a write-off and assessed its market value as £8,000.

Mrs B didn’t agree with this valuation, and she complained. The vehicle was used to transport her family member who needed this vehicle to travel in due to their medical needs.

They needed to make visits to hospital and had to pay for taxis as the family member couldn’t travel in the family’s other car.

She also complained about Admiral’s lack of service and updates in a separate complaint.

Admiral said it’d sent an engineer to inspect the vehicle and they’d arrived at the valuation it had used. It said it thought the valuation was fair.

Mrs B asked to retain her vehicle. Admiral said she couldn’t due to the fire damage. But Admiral’s engineer said there was no fire damage. Admiral disposed of the vehicle at auction without offering it to Mrs B. Mrs B wanted to buy the vehicle back as it fitted her family’s needs. Admiral’s engineer later confirmed the vehicle would have been suitable for putting back on the road.

Admiral said it would pay Mrs B £400 compensation, plus some costs and some interest. Mrs B remained unhappy with Admiral’s service and valuation and brought her complaint to this service. She says that her vehicle would easily achieve £15,000 on the market and is a very rare model so there are few comparables.

Our investigator looked into her complaint and thought it would be upheld. The usual approach taken by this service is to use trade guide values, but only one of the trade guides returned a valuation. She thought Admiral should uplift its offer to £9,842, paying interest on the extra amount, and she said it should pay a total of £500 for Mrs B’s distress and inconvenience.

Mrs B didn’t agree with the view. She points out that she isn’t able to buy a replacement vehicle for the revised amount. She thinks Admiral based its valuation on a van rather than her nine-seat version.

She asked for her complaint to be reviewed by an ombudsman, so it has been passed to me for a final decision.

I issued a provisional decision to allow the parties to consider things further:

Having read the file of evidence, I'm proposing to uphold this complaint and I'll explain why.

It's clear to me that Mrs B's vehicle was much loved by her family and she's said how useful it was for their needs.

I've looked at Admiral's file of evidence about what happened during the claim. Admiral has said it's still unaware of what happened to the vehicle. It seems to me that at some point in

Admiral's claims operation a decision was made by one of Admiral's suppliers that the vehicle was to be declared a write-off.

But the decision it made, and the subsequent choice it made to not return the vehicle to Mrs B, wasn't in line with Admiral's own evidence about the apparent fire. And I don't think this is good service. For the avoidance of doubt, Admiral is responsible for the actions of its recovery agents, salvage companies and experts.

I've thought about why someone might choose to not return this vehicle to Mrs B. She has mentioned in her evidence that the vehicle is a sought-after model. The precise details of it are very niche, even relating to the exact engine type, but I can see that she chose it very carefully and that's why she thinks it has a higher value than what she's been offered.

It doesn't seem unreasonable to think that someone else in Admiral's supply chain also recognised that value or potential value.

I've said above that the vehicle was a rare type. I've searched for comparable models and asked Mrs B to do the same, but there are very few on the market from the time she approached this service to the time of writing.

Our investigator carried out some research and found that the range of values suggested by one trade guide was £8734 to £10,950 and I can see Mrs B thinks it would have been worth in the region of £15,000.

What I've been able to do is look at different versions of the vehicle, both newer and older than Mrs B's, and think about possible values. I also asked Mrs B to provide some examples, but very few are available.

The starting point for the valuation of her vehicle should be at the upper end of the range found by our investigator, so £10,950, which I think is a fair valuation for Mrs B's vehicle. Admiral should pay interest at 8% simple on the difference between its settlement of the claim and this figure, from the date payment was originally made to the date this further payment is made.

Mrs B also said she'd fitted a satnav device to the vehicle. From the information I have, it seems that this was a device made by her vehicle's manufacturer, but not fitted to her car when it was new. I asked Mrs B for evidence of the price she paid for this but she said she didn't have a receipt. Without evidence of this, I'm not able to consider this further. If she's able to provide further evidence of aftermarket accessories fitted to the vehicle then Admiral may be able to consider them as part of her claim subject to the terms and conditions of her policy.

What I have been able to think about is the impact of Admiral's service on Mrs B and her family. She's told this service of the disruption to her daily life and particularly around attending appointments and moving her family around.

It seems to me that Admiral's service has been poor here. Mrs B's vehicle suffered an insured loss, but Admiral didn't have the correct information about the nature and extent of the damage. Then Mrs B asked to retain the vehicle but Admiral had already apparently disposed of it. And it's my understanding that she is still in possession of the keys and V5 for it, which I think underlines Admiral's poor processes and adds to Mrs B's frustration.

I think her distress and inconvenience has been significant. I've thought about this and I think the appropriate level of compensation should be set at £600 in total. I've also mentioned above that Admiral has offered to pay some costs and expenses to Mrs B, so for the avoidance of doubt, the £600 I propose to award is in addition to the documented expenses.

Reponses to my provisional decision

Mrs B accepted my provisional decision and Admiral said it had nothing else to add.

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 Mrs B accepted my decision and Admiral had nothing to add, my final decision and reasoning remain the same as my provisional decision.

My final decision

It's my final decision that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to:

- Settle Mrs B's claim at a vehicle value of £10,950 subject to the remaining terms and conditions of her policy. Interest at 8% simple should be added on the difference between the amount that's already been paid and this figure, from the date the initial payment was made to the date this payment is made.
- Pay Mrs B a total of £600 for her distress and inconvenience.

Admiral Insurance (Gibraltar) Limited must pay the amount within 28 days of the date on which we tell it Mrs B accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs B how much it's taken off. It should also give Mrs B a tax deduction certificate if she asks/ask for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 14 March 2024.

Richard Sowden

Ombudsman