

The complaint

Mr B complains about the settlement he's been offered by Admiral Insurance (Gibraltar) Limited (Admiral) after making a claim under his car insurance policy.

What happened

Mr B's car was hit by a third party which caused damage. So, Mr B made a claim to his insurer, Admiral.

The claim was accepted by Admiral, and Mr B was offered £6,545 as a total loss settlement (there was no excess deducted as this was waived). Mr B didn't think this was sufficient as he said it wasn't enough to buy a similar vehicle. He obtained adverts of similar vehicles which he said supported his position that the settlement should be increased.

Admiral maintained their settlement offer was fair, so Mr B approached the Financial Ombudsman Service.

One of our investigators looked into things but she didn't uphold the complaint. She noted that when determining the market value of Mr B's vehicle, Admiral had initially used two motor trade guides which valued Mr B's vehicle at £5,800 and £6,390. She also noted Admiral referred the valuation to an independent engineer who valued the vehicle at £6,545, and this is what Mr B has been offered.

The investigator checked additional trade guides which produced lower valuations than Mr B had been offered by Admiral. And the investigator wasn't persuaded Mr B's adverts supported a higher valuation or settlement was warranted. As Admiral had already paid more than the highest of the trade guides, she didn't recommend they do anything further.

Mr B didn't agree and asked for a final decision from an ombudsman.

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, and whilst I appreciate it will come as a disappointment to Mr B, I've reached the same outcome as our investigator.

Firstly, I recognise that Mr B wasn't responsible for or involved in the accident, as his vehicle was hit by a third party whilst parked and unattended. And I also note Mr B has said he's incurred additional costs when replacing his car, such as travel and fuel costs for the new vehicle. However, whilst I do recognise Mr B wasn't at fault for the accident, that doesn't determine or influence the market valuation placed on his vehicle.

Mr B's car was deemed a total loss by Admiral following the accident. The terms of Mr B's policy outline that in the event of a claim, the most Admiral will pay is up to the market value.

Market value is defined 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."

Admiral calculated the market value as £6,545. When determining this, they relied on trade guides Glass's and CAP. These gave valuations of £5,800 and £6,380 respectively. Admiral also referred to an independent engineer who valued Mr B's car at £6,545, and this is what he was offered as a total loss settlement by Admiral.

Mr B doesn't think this is a fair settlement based on adverts of similar vehicles for sale he obtained. He also says he has now replaced his vehicle with a similar one, at a cost of £7,795, which is more than he's been offered.

Valuing a vehicle isn't an exact science. When considering disputes about vehicle valuations, as a starting point, we'd take into account what the different industry trade guides say the market valuation of a vehicle is. We'd also take into account any other available information.

The guides we use as a starting point are CAP, Glass's, Autotrader and Percayso. And we'd consider the safest way to ensure a consumer receives the correct replacement cost (market value) is to make sure the insurer basis its settlement on the highest one. Or – if it doesn't – make sure the insurer has provided evidence to show a valuation lower than this is fair.

As mentioned, Admiral used both CAP and Glass's when obtaining valuations. It was then referred to an independent engineer and the valuation was increased to £6,545

Our investigator also checked Percayso and Autotrader. These additional trade guides produced valuations of £6,524 and £5,771, so lower than the settlement already offered (and paid) by Admiral.

I do acknowledge Mr B has provided his own adverts following research online of similar vehicles for sale. However, having seen the adverts Mr B has provided, these are vehicles which are either of the same age or newer, but all have a significantly lower mileage than Mr B's car. So, I don't find these adverts persuasive in demonstrating the market value of Mr B's vehicle was higher than the trade guides (or independent valuation) at the time of the loss.

Mr B has also questioned the independence of the independent engineer arranged by Admiral. However, the valuation they placed on the vehicle was higher than all the trade guides, and this is the amount Admiral offered. So, the appointing of an independent engineer actually resulted in an increased settlement being paid to that which the trade guides (which we'd usually take into account) produced.

Mr B also says Admiral received an amount from the salvage company for his damaged vehicle, and this was effectively incorporated into the overall settlement he was paid by Admiral. However, whether Admiral receive funds from a salvage company which they incorporate into/offset against the overall settlement they ultimately pay, Mr B received the market value of his car, which is what his policy covers. I also note from the information that Mr B didn't wish to retain his damaged vehicle either.

With the above in mind, as Admiral has paid more than the highest of the trade guides, and insufficient evidence has been provided which persuades me a higher amount would be a fairer market value, I won't be directing Admiral to increase the settlement amount.

My final decision

It's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 April 2024.

Callum Milne
Ombudsman