

## **The complaint**

Mrs P complains that Admiral Insurance (Gibraltar) Limited did not fairly settle her motor insurance claim after her vehicle was involved in an accident.

## **What happened**

An Ombudsman looked at this case and provided her initial thoughts in her provisional decision as follows;

*Mrs P had a fully comprehensive motor insurance policy with Admiral.*

*On 13 December 2022, her vehicle was involved in an accident and Admiral deemed it a total loss. Admiral offered to settle the claim based on a market value of £8,975. It arrived at this figure by consulting two valuation guides. Mrs P did not accept that valuation and said it was at least £2,000 too low. In addition to that, she didn't think the excess of £200 should have been deducted from the claim.*

*Mrs P informed Admiral that she wanted to retain the vehicle but says Admiral told her she could not. She then replaced her car on 1 February 2023 because she had difficulties getting to work. She said that Admiral told her in April 2023 that she could retain the salvage for £3,096.37. Mrs P said she would have preferred to get the car back and arrange for repairs herself.*

*In addition to that, Mrs P told us she believed the third party was at fault for the accident, but Admiral did not get in touch with their insurer.*

*In response to the complaint, Admiral said its valuation was fair and that it had deducted the excess in line with the terms and conditions that apply to the policy. It accepted that it had not chased the third-party insurer and it offered to pay £50 to compensate Mrs P for that.*

*Our investigator considered the complaint. In doing so, he consulted four valuation guides and thought a fairer valuation of Mrs P's vehicle would be to take an average of those four guides. This came to £9,413. He said it was fair for Admiral to deduct the excess. As to Mrs P's desire to retain the vehicle, our investigator said that Admiral had not dealt with that part of the claim satisfactorily. He thought Admiral should pay £200 to Mrs P to compensate her for that.*

*Mrs P did not accept our investigator's view. She said that rather than take an average of the valuation guides, it would be fairer for Admiral to value the vehicle in line with the highest valuation. She did not think £200 was fair compensation for Admiral's errors in respect of retaining the salvage. She later produced an advert for a similar car and essentially said that Admiral should base its settlement on the value shown there.*

*As Mrs P did not accept our investigator's view, the matter has been passed to me for an ombudsman's decision.*

## **What I've provisionally 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 intend to uphold the complaint. I'll explain why.*

*I know the crux of Mrs P's complaint is that Admiral did not fairly value her vehicle. It is not my role to value Mrs P's car. Instead, I am looking at whether, in all the circumstances, Admiral fairly dealt with her claim.*

*The terms and conditions that apply to Mrs P's policy say that where Admiral deems her car to be a total loss, it will settle her claim based on the market value of the vehicle. Market value is defined as the cost of replacing her vehicle with one of a similar make, model, year, mileage and condition based on market prices immediately before the date of loss.*

*Assessing the value of a car isn't an exact science. Like most insurers, this service often finds motor trade 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, our investigator consulted four valuation guides. I can see that in doing so, he entered the correct registration details, and the valuations show the correct make and model of Mrs P's car. In addition to that, I can see the correct mileage and date of loss were entered on each guide. The guides produced the following results: Guide 1 - £8,995; Guide 2 - £9,100; Guide 3 - £9,763; Guide 4 - £9,793.*

*Admiral's offer sits below all of those valuations. For me to be satisfied that such a low offer is fair, I would expect to have been provided with some other relevant and persuasive evidence to support the lower valuation point. As an example, this evidence could include adverts from around the date of the loss. As things stand, Admiral hasn't provided any such evidence.*

*Mrs P provided one advert showing an asking price of £11,995. However, it is not entirely clear to me when this advert was obtained by Mrs P. In addition to that, I note that the vehicle shown has around 10,000 fewer miles on the clock than Mrs P's. I don't think it would be reasonable to rely on one advert to establish a fair value of Mrs P's vehicle. As our investigator said, this shows an asking price only and it is not clear what price the vehicle sold for.*

*I can see that when our investigator consulted Guide 4, a number of asking prices for similar cars at the date of loss were shown. The closest match to Mrs P's is valued at £9,390. However, it is not entirely clear whether that vehicle is exactly the same model as Mrs P's.*

*With all of this in mind then, without any persuasive evidence to the contrary and in order to avoid any detriment to Mrs P, I am provisionally satisfied that the highest valuation of £9,793 as shown in Guide 4 is a fairer valuation of Mrs P's vehicle in this case.*

*I've next looked at whether it was fair for Admiral to deduct the excess from Mrs P's claim. I agree with our investigator that the policy terms allow for this to be deducted. Mrs P may be able to recover this cost from the third-party's insurer if it is concluded that the third-party was at fault. I further agree with our investigator that although Admiral initially contacted the third-party's insurer to determine liability, this was not chased timeously. It follows that I am satisfied the £50 Admiral offered to compensate Mrs P for this is fair.*

*I cannot see from the file whether the issue of liability has been determined by Admiral. To be clear, I have not considered the issue of liability any further than as stated above.*

*I have also considered the issue as to whether Admiral should have arranged for Mrs P to retain the salvage. Even if the policy's terms and conditions don't provide for this, where a consumer has told an insurer that they want to retain the salvage, I would usually expect the insurer to allow them to do so subject to a deduction from the settlement figure.*

*In considering the correspondence between the parties, I can see that Mrs P did tell Admiral she wanted to retain the salvage on more than one occasion. Despite that, I understand the vehicle was sold at auction without informing Mrs P. In my provisional view, this was clearly a mistake on Admiral's part.*

*On that basis, I've thought about the impact of this on Mrs P. I know that in the response to our investigator, Mrs P keenly argued that this mistake had caused her a financial loss. I do recognise her strength of feeling here, but I'm afraid I can't agree. I say this because I intend to tell Admiral to pay a fairer market value of the vehicle. As Admiral will have to pay to Mrs P what her car was worth at the date of loss, I can't say she lost out financially.*

*That said, I do recognise that Mrs P spent some considerable time chasing Admiral to find out what was happening with her vehicle and whether she could retain it. I accept her evidence that she was given incorrect information about whether this was possible. I can also see that Mrs P was not informed that the vehicle had been sold at auction until our investigator made enquiries as to its whereabouts. I can see how this matter would have caused Mrs P some distress and inconvenience.*

*In addition to that, I think Admiral's undervaluation of Mrs P's vehicle would have caused her inconvenience more generally. I understand she had difficulties commuting to work and had to borrow a car to do so. It has taken more than a year after the accident for the claim to be fairly settled. With that in mind, I think Admiral should pay a further £450 to Mrs P to compensate her for that distress and inconvenience.*

### **Putting things right**

*I intend to require Admiral to:*

- *Settle Mrs P's claim based on a valuation of £9,793.*
- *Pay simple interest on the difference between the interim settlement and the final settlement. The rate of interest is 8% a year and is to be paid from the date the interim payment was paid up to the date the claim is finally settled.*
- *Pay £50 to Mrs P to compensate her for the delays in resolving liability with the third-party insurer if it has not already done so.*
- *Pay a further £450 to Mrs P to compensate her for the distress and inconvenience I have identified above.*

### **Replies and developments**

Both sides responded to the provisional decision.

Mrs P said she accepted the position outlined but said again that she thought she should've got the salvage back and would have repaired the car for less. And Mrs P felt that there wasn't sufficient mention of the impact on her and that the compensation level could have gone further, especially as the accident wasn't their fault. While Admiral accepted the position outlined in full.

## **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 considered all the evidence afresh, including the further representation made in response to the provisional decision, I agree that this complaint should be upheld.

As both sides seem to accept the general position outlined in the provisional decision I don't propose to rehearse the arguments again here or go over the finer detail. Having considered all the evidence, I agree with the position outlined.

I can understand why Mrs P would like more by way of compensation, but I agree £500 (total) compensation feels fair and in line with the general amount this Service would ordinarily award in cases like this. And having considered all the evidence available I agree that a market valuation in line with the higher guide (£9,793) feels fair in the particular circumstances of this case. So, I think Admiral should take the steps outlined below.

## **Putting things right**

I require Admiral to:

- Settle Mrs P's claim based on a valuation of £9,793.
- Pay simple interest on the difference between the interim settlement and the final settlement. The rate of interest is 8% a year and is to be paid from the date the interim payment was paid up to the date the claim is finally settled.
- Pay £50 to Mrs P to compensate her for the delays in resolving liability with the third-party insurer if it has not already done so.
- Pay a further £450 to Mrs P to compensate her for the distress and inconvenience identified above.

## **My final decision**

It follows, for the reasons given above, that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to take the steps outlined under putting things right above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 1 May 2024.

Colin Keegan  
**Ombudsman**