

## The complaint

Ms T is complaining about the amount Admiral Insurance (Gibraltar) Limited (Admiral) have paid to settle a claim she made on her car insurance policy.

## What happened

In December 2022 Ms T's car was driven into whilst parked and unattended, so she contacted Admiral to make a claim through her car insurance policy. Admiral declared the car a total loss and it said it would settle the claim by paying Ms T the car's market value. It valued the car at £5,192.50.

Ms T didn't agree with the market value and so raised a complaint. After considering Ms T's complaint Admiral increased the settlement to £5,205. They paid 8% per year simple interest on the additional settlement due and paid £50 compensation for trouble and upset it caused to Ms T. Ms T still didn't think this was a fair valuation and so referred her complaint to our service.

Our investigator upheld Ms T's complaint. She said that Admiral had reached their valuation using two market value guides. However she said that this Service had consulted two further guides and that Ms T had lost out because Admiral hadn't taken into consideration all of the guides available. She felt that the guide that provided the highest valuation (£5,805) gave a fairer reflection of the market value of Ms T's car. So she thought Admiral should increase its valuation to £5,805 and pay 8% per year simple interest on this amount from the date the valuation payment was initially paid to Ms T to the date the further payment was paid.

Admiral accepted the investigator's opinion but Ms T disagreed with it. She didn't believe the increased valuation would enable her to replace her car on a 'like for like' basis.

As Ms T didn't agree with the investigator, the complaint has been passed to me to decide.

## 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.

The role of our service isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of a policy correctly and valued the vehicle fairly. Under the terms of Ms T's policy, Admiral had to pay her the market value of her car.

The terms of the policy define market value as, *'The cost of replacing **your vehicle**; with one of a similar make, model, year, mileage and condition based on the market prices immediately before the loss happened. The term 'market' refers to where **your vehicle** was purchased. This value is based on research from industry recognised motor trade guides.'*

It is standard practice for the industry to use valuation guides to work out the estimated value of a car, and it's not unreasonable that it does so. The valuation the guides give are based on the advertised prices of similar cars with a similar age and mileage for sale at the time of

loss.

Admiral assessed the value of Ms T's car by using two valuation guides which produced valuation figures of £5,100 and £5,310 respectively. They then paid the average of these two valuation figures. However this Service consulted two further guides which produced valuation figures of £5,723 and £5,805 respectively.

I think Admiral have made an error by not taking into consideration all of the valuation guides available to it. This has impacted Ms T as the two further guides have given valuations higher than the two guides Admiral used to value Ms T's car.

Where valuation guides provide a range of values, we'd compare the insurer's valuation against the highest value given by guides, unless there is something to suggest this isn't a fair reflection of the amount similar cars sell for on the open market. I don't think the evidence Admiral have provided, in the form of car advertisements from over a year after the incident date is sufficient to suggest that the highest valuation given by the guides isn't a fair one. These advertisements will only give a general guide on what cars are selling for now, and not the market value of Ms T's car immediately before the loss.

In this case I think Admiral should have valued Ms T's car by looking at the highest of all of the valuation guides available and I think Ms T has lost out as a result of the way it valued her car. Admiral haven't been able to demonstrate that the highest guide valuation is an unreasonable one. Therefore I think that the fairest way for Admiral to settle the claim is for them to pay Ms T the highest valuation figure of £5,805.

Prior to the investigator issuing her opinion and in response to the investigator's opinion, Ms T provided advertisements of cars on the market which she has said demonstrates that she is unable to replace her car for the amount being offered. I have considered this but I don't think these advertisements demonstrate that the highest valuation given by the guides isn't a fair one. The advertisements are from well after the date of the incident, and some of these advertisements have significant differences to the car Ms T owned such as a much lower mileage or different year of registration. Ultimately, I don't think Ms T has given me anything to say using the valuation guides isn't a fair way to assess her car's market value.

Admiral paid Ms T £50 compensation for the trouble and upset she was caused by their errors. I think it's fair to say that Ms T would have been caused some distress and inconvenience as a result of her car being valued lower than it should have been. However I think £50 compensation is reasonable to acknowledge the distress and inconvenience that has been caused. I'm aware that Admiral have already paid this compensation to Ms T.

### **My final decision**

For the reasons I've set out above, it's my final decision that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay Ms T a further £600, plus 8% per year simple interest on this calculated from the date it paid the initial settlement to the date it pays the further £600.

If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms T how much it's taken off. It should also give Ms T a tax deduction certificate if she asks 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 Ms T to accept or reject my decision before 21 October 2024.

Andrew Clarke  
**Ombudsman**