

The complaint

Mr M complains Admiral Insurance (Gibraltar) Limited unfairly disposed of his vehicle.

Mr M's been represented for the complaint. For simplicity I've referred to the representatives' actions and comments as being Mr M's own.

What happened

In August 2022 Mr M's car was damaged in a collision with a third party's. His motor insurer, Admiral, took the vehicle into its storage. It remained there whilst liability for the incident was being contested.

However, in the summer of 2023 Admiral's salvage agent disposed of the vehicle. Admiral offered Mr M £345 for the salvage – the amount it had received from its agent. Mr M wasn't happy with that. He had previously been offered £753, but hadn't yet agreed to the disposal.

Admiral upheld Mr M's complaint. It accepted it had disposed of his car without his knowledge. It said the lower payment resulted from a total loss categorisation being changed, by its salvage agent, from S to B. So it had only received a salvage payment in line with a 'B' - £345 rather than the £753 it would have received had it been an 'S'. It said it hadn't been provided with an explanation for this. It didn't agree to pay Mr M anything above £345 for the salvage – but offered him £150 compensation.

Mr M wasn't satisfied so referred his complaint to the Financial Ombudsman Service. He says Admiral disposed of his car without his permission. To resolve his complaint he wants it to honour the £753 offer and pay compensation for distress.

Our Investigator was satisfied Admiral had unfairly sold Mr M's car without his permission. But she said he had already been paid in line with what Admiral had received from its salvage agent. So she was satisfied Mr M hadn't been caused a financial loss. She felt £150 compensation was enough to recognise Admiral's poor service – including it misleading Mr M about much he would receive for the car's salvage.

As Mr M didn't accept that outcome the complaint was passed to me to decide. He said Admiral had disposed of his car without his permission, so it was irrelevant that it didn't receive £753. He said it should still pay him that amount to reflect its value and his financial loss.

I issued a provisional decision. As its reasoning forms part of this final decision I've copied it in below. In it I explained why I intended to require Admiral to pay Mr M an extra £408 for the salvage value of his car. I also invited Mr M and Admiral to provide any further comments or evidence they would like to me consider before coming to a final 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.

Admiral accepts the car was disposed of without Mr M's knowledge. So I don't have to consider that point. Instead I've considered if Admiral's done enough to put things right.

Admiral explained its own engineer, after reviewing images, considered the car a category S total loss. However, its salvage agent assigned it a category B. The agent disposed of it, and paid, Admiral in line with that category.

I'd expect Admiral to justify the change its agent made – after all the recategorisation resulted in a lower payment to Mr M. I can see it asked the agent for an explanation, but didn't receive one.

In the absence of any justification the only supporting opinion or evidence on a reasonable categorisation is the engineer's – for a category S. There's nothing to support a category B – beyond the actual categorisation. So the fair outcome is for the salvage payment to Mr M to be based on a category S total loss disposal.

I accept Admiral only received a category B payment – but that's for it to take up with its agent. It's not a justification for Mr M losing out financially.

I'm satisfied Admiral would have received £753 from its agent had it not, without explanation, recategorised the car. So I intend to require it to pay Mr M £408 – to make up the difference between what he did receive and what he should have. To make up for him being without those additional funds simple interest at 8% must be added – from the date the original salvage payment was made to the date of settlement.

As far as I'm aware Mr M's claim, against the third-party, for the loss of the car is still ongoing. So there's the potential for him to receive double payment for the salvage element if he gets a full market value settlement. So I request Mr M provides an update, in response, on the progress of that claim.

If that claim hasn't been settled, I don't intend to interfere should Admiral wish to inform the third-party insurer that Mr M's already received payment for the salvage.

It's also possible that Mr M will eventually claim for the vehicle's loss through his Admiral policy. If that does happen it will be reasonable for Admiral to deduct the salvage payment from any settlement paid.

Finally I'm satisfied £150 compensation is enough to recognise any distress or inconvenience caused by Admiral. So I don't intend to require it to pay any additional compensation.

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.

Mr M didn't respond to the provisional decision. Admiral only commented on the amount awarded. It said it had paid Mr M £345.13. So £407.87, rather than £408, is the amount required to take the total payment to £753. That seems a reasonable calculation, so I've amended the award.

My final decision

For the reasons given above, I require Admiral Insurance (Gibraltar) to pay Mr M an extra £407.87 for the salvage value of his car – with simple interest applied as set out above.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 July 2024.

Daniel Martin
Ombudsman