

The complaint

Mr C complains that Admiral Insurance (Gibraltar) Limited mishandled his claim on a commercial vehicle insurance policy.

What happened

The subject matter of the claim and the complaint is a van, first registered in 2019 with a “69” registration plate.

Mr C’s company took out a hire purchase agreement and acquired the van in July 2022. The price was £34,000.00 plus VAT, a total of £40,800.00.

For the year from late July 2022, Mr C insured the van on a comprehensive policy with Admiral. Any claim for damage (except a glass claim) was subject to an excess of £850.00.

By mid-May 2023, the van had a recorded mileage of about 62,000. Unfortunately, in mid-May 2023, Mr C reported that the front and rear of the van had been damaged in an accident involving a vehicle in front of the van and a vehicle behind the van.

Admiral said the van was a total loss. It instructed a vehicle assessor.

Mr C’s company is registered for VAT. So the valuation figures stated below all exclude VAT.

In mid-June 2023, Admiral said that the van’s pre-accident value had been £24,428.00. Admiral paid the claim as follows:

pre-accident value	£24,428.00
excess	£ 850.00
outstanding premium	£ 181.47
paid to finance company	£23,396.53

The payment to the finance company was about £10,000.00 less than enough to clear the hire purchase agreement. So Mr C (and his company) received nothing.

By late July 2023, Mr C complained to Admiral that it had mishandled his claim. That included under-valuing his van and not supporting his position that he had no liability for the accident.

By a final response dated late August 2023, Admiral turned down the complaint about valuation and liability. However Admiral upheld aspects of the complaint around its communication. Admiral said it was sending Mr C a cheque for £75.00 plus £50.00 (a total of £125.00).

Mr C brought his complaint to us in late September 2023. He said the following:

"I would now like them to pay the true market value of my vehicle and not hold me liable considering the information I have provided. I would like them to correct the liability so I get my no claims discount back. I would like to know where my van is and how much it would cost me to repair it."

our investigator's opinion

Our investigator recommended that the complaint should be upheld in part. She thought that Admiral took reasonable steps to consider the liability and that the outcome was reasonable. She thought that the van was a category B write-off, so it would never be possible for it to be returned to the road.

However, the investigator didn't think that the valuation was fair. She thought that the valuation should be £34,000.00. She recommended that Admiral should:

1. pay Mr C the difference between £34,000.00 and the previous payment made;
2. add interest at 8% a year simple from the date of the original payment until the further settlement is issued.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr C and to Admiral on 6 May 2024. I summarise my findings:

The most persuasive evidence of market value is the dealer's opinion that the retail value of the van had been between £30,000.00 and £32,000.00. So, to avoid any detriment to Mr C, I was minded that a fair market valuation would be £32,000.00.

Subject to any further information either from Mr C or from Admiral, my provisional decision was that I upheld this complaint in part. I intended to direct Admiral Insurance (Gibraltar) Limited to pay Mr C (in addition to its previous payments):

1. a further £7,572.00 for his lost van; and
2. simple interest at a yearly rate of 8% on that amount from 15 June 2023 to the date of its further payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr C how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr C disagrees with the provisional decision. He says, in summary, that:

- In the year since the accident, he has not been able to find a replacement for his beloved van. It was a brilliant all singing and dancing model. He got it at a fantastic price and it took a lot to find it. There's just not another one like it out there. It was a steal which makes this all the more upsetting.
- On top of the loss on the vehicle valuation, he has also lost money through the finance company not only on the finance charges but also due to having to continue monthly payments of £700 for a year whilst Admiral unnecessarily battled him. He could not afford these payments and had to take out personal loans to cover these payments.
- He has now settled payments with the finance company so when this payment is settled with Admiral the money can be paid to him.

- This has caused sickening stress to him and his family. He had to take the family car for work as he's not been in a financial position to buy a new work vehicle whilst waiting for this settlement. Leaving his 3 children and partner without a vehicle for schools runs and clubs and shopping.

Admiral said that it had nothing further to add in response to the provisional decision other than that it used an expert opinion.

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.

Liability

The policy schedule included the following:

"Years No Claims Bonus: 0"

So I find that Mr C didn't have a no-claims discount he could use for the van in late July 2022.

Like most motor policies, Admiral's policy included a term allowing it to act on Mr C's behalf to settle any claim involving a third party. Admiral's term was as follows:

"Defending or settling a claim

We are entitled to:

- *conduct the investigation, defence and settlement of any claim on your behalf"*

I don't regard that term as unusual or unfair. But I will consider whether Admiral applied it fairly in Mr C's case.

I'm satisfied that Admiral took into account Mr C's initial report of the accident and subsequent emails.

However, Admiral received a claim from the driver of the car in front of the van. Admiral had to take into account that third party's version of events.

Admiral took into account the nature and location of the damage to the van.

Admiral weighed up the conflicting versions of events. It decided not to incur the cost and risk of defending court proceedings. Rather it decided that it would settle the claim.

I keep in mind the policy term I've quoted. I also keep in mind that Mr C's van had hit the rear of the vehicle in front. So I don't consider that Admiral's decision was unreasonable or treated Mr C unfairly.

Location and possible repair of the van

Mr C has asked where his van is and how much it would cost him to repair it.

However, Admiral's assessor put the damaged van in salvage category B ("Break"). Mr C hasn't provided any evidence that this wasn't the correct category. So I don't consider that the van was repairable at any cost.

So I don't find it fair and reasonable to direct Admiral to do any more about locating the van or estimating the cost of repair.

Communication

I've noted some shortcomings in Admiral's communication with Mr C. And I've thought about the impact of those shortcomings on Mr C.

Mr C felt that he had to chase for progress and information. He also felt that the outcome would've been better if Admiral had listened to what he was saying.

However, I've found that, within a month of the accident, Admiral had made a payment to the finance company. Also, after Mr C complained in late July 2023, Admiral's final response was within the eight weeks allowed by the Financial Conduct Authority's rules.

Admiral's final response tried to put right the shortcomings in its communication. I'm satisfied that the payment totalling £125.00 was reasonable for the extra distress and inconvenience those shortcomings caused to Mr C at an already difficult time.

That just leaves the important issue of vehicle valuation.

Vehicle Valuation

The policy requires Admiral to compensate Mr C for the market value of the vehicle. The Admiral policy defines market value as follows:

"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".

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations - which is also our starting point for most valuation complaints.

Admiral has shown us the valuation of £24,428.00 from Glass's guide. There are no figures available in the other three guides that we usually use. Admiral's assessor did a report including a valuation of £24,428.00. That adopted the Glass's valuation of £24,428.00.

Looking at the valuation of £24,428.00, I'm not persuaded that it is fair and reasonable. This is because I've also considered the additional evidence that Mr C provided.

By mid-June 2023, Mr C's partner had contacted a dealer who sent an email as follows:

"The below are general comments about the current retail value of crew van sports. I have not appraised your actual van prior to the accident it was involved in. ... Crew Van Sports are currently not in production, all comments are related to the used market. Currently we only have 1 ... Sport L2 for sale this is a 20 plate and 35,000 miles. This is priced at £33,990 plus vat. All those available through the [manufacturer's] used approved network can be viewed by following link... Retail prices for new style (2019 onwards) range from about £30,000 upwards, based on the mileage of 60,000 miles and it being one of the earliest new model Sport (2019), I would expect to retail it for between £30-32,000 plus vat dependent on condition. As I said this is just general information, and if we were purchasing, we would be being less."

In mid-June 2023, Mr C sent an email to Admiral. He attached the dealer's email.

Mr C's email also attached three advertisements for vans similar to his as follows:

reg plate	approx. mileage	price
69	52,000	£39,587.00
70	54,000	£35,850.00
70	70,000	£34,400.00

I've also seen an advertisement (that Admiral says came from Mr C) as follows:

19	108,000	£28,950.00
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I've also seen some advertisements from about January 2024. However, as the valuation should be at the date of the loss in May 2023, I place less weight on those advertisements.

In view of the dealer's email and the advertisements, I'm not satisfied that £24,428.00 was a fair valuation. Admiral hasn't shown why its valuation is fair, or that Mr C can replace his van with a similar one for the amount offered.

I keep in mind that the agreed price of the vehicle in July 2022 had been £34,000.00. However, as that was almost a year before the accident in May 2023, I don't agree with the investigator that £34,000.00 is the fairest valuation at May 2023.

I consider that, in June 2023, the dealer knew the market and was aware of the advertisements to be found via the link in its email. So, compared to the advertisements, I find that the most persuasive evidence of market value is the dealer's opinion that the retail value of the van had been between £30,000.00 and £32,000.00. So, to avoid any detriment to Mr C, I conclude that a fair market valuation would be £32,000.00.

That will require a further payment by Admiral of the difference between £32,000.00 and £24,428.00 that is £7,572.00. As Admiral should've paid that difference within a month of the accident, I find it fair to direct Admiral to pay interest on it from that time at our usual rate.

Responses to the provisional decision

Admiral has referred to the expert opinion. However, I continue to regard that opinion as no more than an adoption of the Glass's guide figure of £24,428.00.

I have no reason to doubt Mr C's recollection that he had got the van for a good price. I've also noted its specification. I accept that Mr C wasn't able to find a replacement.

I accept that Mr C and his family have suffered inconvenience and distress. However, I consider that much of that was a consequence of the accident and the absence of "GAP" insurance. Admiral didn't cause the absence of the van or Mr C's need to use the family car for work.

Also, I haven't upheld Mr C's complaint about liability. So I can't direct Admiral to compensate Mr C for any distress and inconvenience arising out of the dispute about that.

I have partly upheld Mr C's complaint about valuation and communication. However, I keep in mind that Admiral's final response said that it was sending Mr C £125.00. I'm not

persuaded that it would be fair and reasonable to direct Admiral to pay Mr C any more compensation for distress and inconvenience.

I have no reason to doubt Mr C's statement that he made monthly payments to the finance company for a van he no longer had, until he borrowed money to pay off the outstanding balance. However, I can't justify a valuation any higher than the dealer's top figure of £32,000.00. So Admiral will have to pay the additional £7,572.00.

Admiral should have paid that sooner. However, that still wouldn't have been enough to pay off the finance company. From the evidence I've seen, I can't say that Admiral caused Mr C any other financial loss.

Putting things right

I consider that the fairest outcome is to direct Admiral to pay the additional £7,572.00 plus interest at our usual rate.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance (Gibraltar) Limited to pay Mr C (in addition to its previous payments):

1. a further £7,572.00 for his lost van; and
2. simple interest at a yearly rate of 8% on that amount from 15 June 2023 to the date of its further payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr C how much it's taken off. It should also give him a certificate showing this 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 C to accept or reject my decision before 10 June 2024.

Christopher Gilbert

Ombudsman