

The complaint

Mr Q has complained about the amount Admiral Insurance (Gibraltar) Limited has paid in settlement of his claim under his car insurance policy.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision.

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, I agree with the conclusions reached by the investigator for these reasons:

- Mr Q's policy requires Admiral to settle his claim by paying him the market value of his car at the time it was written off. This is defined in his policy as the cost of replacing it with one of the same make, model, condition, year and mileage.
- To ensure a customer receives a fair market value we expect the insurer to use the highest value provided by the recognised industry guides to settle their claim, unless it can provide evidence to show this isn't the correct market value.
- We have checked and the highest guide value for Mr Q's car is £55,221. And – in my opinion – Admiral hasn't provided sufficient evidence to show this is incorrect. And this means I think its settlement of £49,117.75 was based on the wrong market value. And that the correct market value is £55,221.
- Admiral has provided evidence to show that the highest guide value it obtained close to the date Mr Q made his claim was £51,977. But this guide updates regularly and this means I think the more recent valuation we have obtained from it of £55,221 more accurately reflects the likely market value (replacement cost) of Mr Q's car.

Putting things right

For the reasons set out above, I've decided the fair and reasonable outcome to Mr Q's complaint is to uphold it and make Admiral pay him the difference between what it paid in settlement of his claim and £55,221, i.e. £6,103.25, plus interest at 8% per annum simple from the date it paid Mr Q the original settlement amount to the date of payment.*

* Admiral must tell Mr Q if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr Q if asked to do so. This will allow Mr Q to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Mr Q's complaint and order Admiral Insurance (Gibraltar) Limited to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 1 July 2024.

Robert Short
Ombudsman