

## **The complaint**

Mr M complains about the market value Admiral Insurance (Gibraltar) Limited (Admiral) placed on his car when settling a claim made under his car insurance.

## **What happened**

Mr M had car insurance with Admiral. Mr M's car was damaged in an accident, so he made a claim to Admiral and his car was deemed a total loss.

Admiral said that having checked trade guides, and consulting with an independent assessor, the market value of Mr M's car was £6,653, so this is what they based the total loss settlement on (before relevant deductions including the excess). Mr M complained to Admiral that this wasn't sufficient as he said it wasn't enough to buy a similar vehicle, but Admiral maintained their settlement was fair.

As Mr M remained unhappy with the market value placed on his vehicle by Admiral, he approached the Financial Ombudsman Service.

One of our investigators looked into things and upheld the complaint. He checked additional trade guides to those relied on by Admiral, which produced some higher valuations. The investigator didn't think Admiral (or their independent assessor) had sufficiently demonstrated a lower valuation than the higher trade guides was a fairer settlement. So, he recommended Admiral increase the market value (before deductions) to £7,237, with 8% simple interest added to the additional amount due.

Admiral didn't agree and asked for a final decision from an ombudsman.

I reached a slightly different outcome to our investigator, so I issued a provisional decision to give both parties an opportunity to comment on my initial findings before I reached my final decision.

## What I provisionally decided – and why

In my provisional decision, I said:

*“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.*

*I’m minded to reach a slightly different outcome to our investigator, so I’m issuing provisional decision to give both parties an opportunity to comment on my initial findings before I reach my final decision.*

*Mr M’s car was deemed a total loss by Admiral following the accident. The terms of Mr M’s policy outline that in the event of a claim, the most Admiral will pay is up to the market value.*

*Market value is defined in the policy as:*

*“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.”*

*Admiral calculated the market value as £6,653. When determining this, they relied on trade guides CAP and Glass’s. These gave valuations of £6,790 and £6,450 respectively. Admiral also referred to an independent assessor who recommend the market value be £6,653, which they said was an average of the trade guides Glass’s, CAP and Cazoo (now named Percayso).*

*Mr M doesn’t think this is a fair settlement based on similar vehicles for sale, as he says this isn’t sufficient to replace his vehicle.*

*Valuing a vehicle isn’t an exact science. When considering disputes about vehicle valuations, as a starting point, we’d take into account what the different industry trade guides say the market valuation of a vehicle is. We’d also take into account any other available information.*

*The guides we use as a starting point are CAP, Glass’s, Autotrader and Percayso. And we’d consider the safest way to ensure a consumer receives the correct replacement cost (market value) is to make sure the insurer basis its settlement on the highest one. Or – if it doesn’t – make sure the insurer has provided evidence to show a valuation lower than this is fair.*

*As mentioned, Admiral used both CAP and Glass’s when obtaining valuations. The independent assessor asked to produce a valuation also took into account Cazoo (now named Percayso) and they took an average of the three which resulted in Admiral determining the market value as £6,653.*

*Our investigator checked CAP, Glass's and Percayso himself. He also checked Autotrader, which neither Admiral nor the independent assessor had used. The investigator obtained the following valuations:*

- CAP £6,395
- Glass's £6,630
- Percayso £7,092
- Autotrader £7,237

*The investigator recommended Admiral should increase the settlement in line with the highest of the trade guides to £7,237 (before any relevant deductions) as he wasn't persuaded it had been shown by Admiral or their independent assessor that a lower value was fairer than this.*

*As outlined, valuing a vehicle isn't an exact science. To be persuaded that a lower valuation than that produced by the highest of the trade guides is a fair reflection of the market value, I'd need to be satisfied that the evidence provided by Admiral supported that. However, Admiral hasn't provided sufficient evidence which persuades me this is the case.*

*Admiral has said that the fact they've asked an independent assessor for their opinion is sufficient to demonstrate this is the correct market value, but like our investigator, I'm not persuaded by this. This is because they've taken an approach of averaging three guides, which, as a starting point, isn't the general approach of this service when considering valuation disputes. And Admiral (and the independent engineer) have given no persuasive explanation or evidence to support why what they have offered is a fairer value beyond the fact they've simply averaged three guides.*

*As I'm not persuaded Admiral has demonstrated a lower valuation is fairer, unless anything changes as a result of the responses to my provisional decision, I'll be directing Admiral to increase the market value to the highest of the trade guides. Our investigator said this was £7,237.*

*However, having reviewed the trade guide valuations our investigator obtained I've noticed that he made an error when running these. This is because he used 4 December 2023 as the date of loss. Whereas, the actual date of loss, and that which Admiral used when obtaining their valuations was 6 November 2023.*

*As Admiral already obtained CAP and Glass's using the correct date, I've arranged for both Percayso and Autotrader to be re-checked with the correct date of loss. This has produced the following valuations:*

- Percayso £6,750
- Autotrader £7,402

*So, the highest of the trade guides is actually £7,402, rather than £7,237 as outlined by our investigator.*

*Therefore, unless anything changes as a result of the responses to my provisional decision, I'll be directing Admiral to increase the market value to the highest of the trade guides – £7,402 (before the relevant deductions).*

*As Mr M has been deprived of funds he otherwise should have had, unless anything changes, I'll also be directing Admiral to add 8% simple interest to the additional settlement amount due from the date of the previous settlement payment to the date of payment of the remainder."*

So, I was minded to uphold the complaint and to direct Admiral to:

- Increase the market value to £7,402 (before the relevant deductions) and pay Mr M the further amount due as a result of this.
- Add 8% simple interest to the additional settlement amount due from the date of the previous settlement payment to date of payment of the remainder.

### **The responses to my provisional decision**

Admiral responded and said they had nothing further to add beyond what they'd said previously, that they'd obtained an opinion on the valuation from an independent assessor.

Mr M said he had nothing material to add. He also said that if the valuation placed on his vehicle by Admiral was the amount I had outlined in my provisional decision, his vehicle might not have been written off as the repair costs wouldn't have been two thirds of the value.

### **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.

I've thought carefully about the provisional decision I reached and the responses to it. Having done so, my final decision remains the same as my provisional decision, and for the same reasons.

Admiral has said they have nothing to add beyond what they've said previously about obtaining an independent assessor opinion on the valuation. As I've already addressed this in my provisional decision, and nothing Admiral has provided has led me to depart from what I've said, my view on this remains the same as in my provisional decision, and for the same reasons.

I note Mr M says his car might not have been written off if Admiral had placed the same value on it as I had, as the repair costs wouldn't have been two thirds of the value. However, whilst the percentage cost of repair against value may have been slightly different, Admiral may still have written off the car given the high value of repairs against the relative value of the car.

As the car has been written off, I've considered what would be a fair market value, and for the reasons explained in my provisional decision, I'm satisfied £7,402 (before the relevant deductions) is a fair market value.

## **My final decision**

It's my final decision that I uphold this complaint and direct Admiral Insurance (Gibraltar) Limited to:

- Increase the market value to £7,402 (before the relevant deductions) and pay Mr M the further amount due as a result of this.
- Add 8% simple interest\* to the additional settlement amount due from the date of the previous settlement payment to date of payment of the remainder.

\* If Admiral Insurance (Gibraltar) Limited considers that 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 Mr M 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 12 July 2024.

Callum Milne  
**Ombudsman**