

The complaint

Mr & Mrs D complain about the amount offered to them by Admiral Insurance (Gibraltar) Limited (“Admiral”) under their car insurance policy after their car was written off.

What happened

Mr & Mrs D had a motor insurance policy with Admiral covering their car.

The car was damaged in a collision.

They reported the damage to Admiral and made a claim.

Admiral assessed the car as being beyond economic repair. It said it would declare the car a write-off. Admiral said it would pay £29,990 for the car.

Mr & Mrs D weren’t happy with the valuation and complained to Admiral. It wouldn’t increase its offer.

Mr & Mrs D remained unhappy and brought their complaint to this service. Our investigator looked into it and thought it would be upheld.

Admiral then responded and said it would increase its offer to £31,808.50, plus 8% simple interest on the difference.

Our investigator still didn’t think Admiral’s offer was sufficient. They thought the correct valuation of the car should have been £32,170 plus interest on the difference. They also thought Admiral’s apology for Mr & Mrs D’s inconvenience wasn’t enough, and it needed to pay them £100 compensation.

Mr & Mrs D agreed with the view, but Admiral didn’t. It did agree to pay the £100 compensation. Because it didn’t agree, this complaint has been passed to me to make a final 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.

I’m upholding Mr & Mrs D’s complaint and I’ll explain why.

The approach of this service is to use trade guides to arrive at a valuation for the car. I’ve looked into these trade guides and I can see the following values:

Trade Guide A £29,730

Trade Guide B £31,890

Trade Guide C £29,948

Trade Guide D £32,170

It's the approach of this service that the highest value from the trade guides is used as the market value for Mr & Mrs D's claim. If either party doesn't agree with that valuation, then it needs to provide evidence why.

I've mentioned above that Mr & Mrs D agreed with the valuation.

Admiral has said it believes the value is too high, but I've not seen evidence from it to back up its belief. It sent this service adverts to show asking prices of alternative cars, but as I say above that's not this service's approach. Mr & Mrs D also said Admiral hadn't provided adverts of the same model of car, which was to a very exact specification.

Taking everything into account, I think Admiral need to settle his claim at a market value of £32,170 subject to the remaining policy terms and conditions.

I also think Admiral need to add interest at 8% simple on the difference between this increased amount and any amounts paid to date, from the date it made those initial payment(s), to the date this payment is made.

I've also thought about the distress and inconvenience Admiral caused Mr & Mrs D during their claim and I can see it has agreed to pay them £100. Mr & Mrs D have accepted this.

I've considered this service's guidelines on compensation and I think this amount is fair and reasonable.

My final decision

My final decision is that I uphold this complaint. I direct Admiral Insurance (Gibraltar) Limited to:

- Settle Mr & Mrs D's claim for a market value of £32,870 subject to the remaining terms and conditions. Interest at 8% simple should be added to the increased amount Admiral needs to pay over what it's already paid, from the date the earlier payment was made to the date this payment is made.
- Pay Mr & Mrs D £100 compensation for their inconvenience.

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

Admiral must pay the amount within 28 days of the date on which we tell it Mr & Mrs D accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 17 September 2024.

Richard Sowden
Ombudsman