

The complaint

Mr H complains about how his insurer, Admiral Insurance (Gibraltar) Limited, valued his car after it was vandalised and declared a total loss.

What happened

In November 2023 Mr H's car was set on fire during the night and suffered significant damage so he made a claim under the insurance policy he held with Admiral. They accepted the claim and treated his car as a total loss. They valued the car at £16,530 from which they deducted his policy excess of £150. So they made him an offer for his car of £16,380.

Mr H wasn't happy with Admiral's offer as he felt they'd undervalued his car, and he couldn't buy an equivalent vehicle for the amount they'd offered him, so he raised a complaint.

Admiral didn't uphold Mr H's complaint. They said the purpose of his policy was to indemnify him following an insured loss, and place him in the same position, in monetary terms, as he was in immediately before the insured incident. And they did this by offering him the market value for his car. Which is the price he could reasonably expect to pay on the date of the incident to replace his car with one of a similar make, model, mileage and condition.

They said they used two guides recognised by the motor industry, courts and Insurance Regulatory bodies, Glass's Guide and CAP. Both provide market values of cars available in the UK.

Admiral said that while adverts can provide some idea of the current market with respect to values, these only represent the asking prices not the eventual selling price. And a car can be advertised for any value an individual chooses.

In the event of a dispute about the valuation they'd review the file in full and carry out their own assessment of the car's value.

Admiral said they'd reviewed Glass's and CAP and the top book valuation was £16,530. Both guides reflect the value of Mr H's car in November 2023 and give a value of a car in showroom condition, purchased from a main dealer and with a full service history. And they said the excess of £150 which had been deducted was correct, so they weren't able to increase their valuation.

Unhappy with Admiral's response Mr H complained to our service.

Our investigator considered the case but didn't uphold Mr H's complaint. She said Mr H's policy says that it will settle a total loss claim for the car's market value. She noted that he'd told us that he hadn't been able to find a replacement car, in a similar condition, for the amount Admiral had paid him, so he felt Admiral's offer wasn't a true valuation for his car.

Our investigator said our role was to make sure Admiral has settled Mr H's claim fairly and reasonably in line with his policy. She said Admiral had looked at two trade guides and as they didn't match offered the higher valuation of £16,530 less deductions. They also carried

out market research and were able to find comparable vehicles priced between £15,699 and £16,480. So our investigator said she was satisfied Admiral's settlement offer was fair and she wouldn't be asking them to increase this.

Mr H didn't accept our investigator's opinion so the case came to me for a decision.

I issued my provisional decision on 1 July 2024. And in it I said: -

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

Admiral have a responsibility to handle claims promptly and fairly and they shouldn't decline a claim unreasonably. They've accepted Mr H's claim and offered what they consider to be a fair market value for his car.

My role is to consider if Admiral have acted fairly and reasonably and have offered Mr H a fair market value for his car that is in line with his policy terms and conditions. To do this I've considered various trade valuation guides and the additional information provided by Mr H and Admiral.

The terms and conditions of Mr H's policy define market value as:

"The cost of replacing your vehicle with one of a similar make, model, year and 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 have provided the guide valuations they used to value Mr H's car, and I can see that the correct vehicle information has been used for these guides, so I'm satisfied that the values obtained of £16,450 and £16,610 are correct.

Our approach to valuations has evolved. There are other guides which Admiral haven't considered, and it's difficult to say which guide is the most accurate without any evidence, such as adverts for cars for sale around the time of the loss or expert reports to show their offer is fair.

Admiral have provided some adverts that I've considered. These range from £15,699 to £16,500 and all relate to the same vehicle as Mr H's with similar mileage, but no details of vehicle specifications are provided.

Mr H has also provided adverts from Autotrader to support his belief that his vehicle is worth in the region of £2,000 more than Admiral's valuation. While the six adverts he's provided are for the same make of vehicle as his, two are newer than Mr H's vehicle and four have considerably lower mileage than Mr H's vehicle. There is one advert for a vehicle of the same age as Mr H's for sale at £17,000. This has higher mileage than Mr H's vehicle but has a significant number of extras fitted from new. So I'm not persuaded this one valuation represents a fair value for his vehicle.

As well as the general guide valuations Admiral used our investigator also obtained a valuation from Autotrader of £17,577 and from Percayso of £16,250. Given there isn't any other evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate, and to avoid any detriment to Mr H the highest valuation produced by the guides is my starting point. And considering the overall variation of values produced, and the lack of relevant other evidence produced by Admiral, I consider that a more appropriate fair market valuation would be the highest of the guides which is £17,577. Mr H should also be

paid 8% simple interest for the time he's been without any money owed to him.

If Admiral have already made a payment to Mr H of £16,380 which was the valuation they offered less his excess, then they need only pay the remaining outstanding balance plus interest on that amount.

So my provisional decision was that I upheld Mr H's complaint.

Mr H hasn't responded to my provisional decision.

Admiral have said that within their complaint file, several adverts were shown which they feel are fair supporting evidence that Mr H is able to purchase a similar vehicle for the amount they offered him and fall in line with the guides.

They've also said that they don't have access to the Percayso guide, but the amount referred to in my decision is reflective that the valuation they provided is fair and in line too. Which means three guides support their valuation was fair, along with the supporting adverts.

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 considered what Admiral have said and I've commented in my provisional decision on the adverts that they refer to.

My opinion remains that there's no evidence to persuade me that a valuation of £17,577 for Mr H's vehicle, in line with the highest valuation produced by the guides, isn't appropriate in this case. And Mr H should be paid 8% simple interest for the time he's been without the money owed to him.

My final decision

For the reasons given above, and in my provisional decision, I require Admiral Insurance (Gibraltar) Limited to pay Mr H £17,577 for his vehicle and 8% simple interest on any shortfall from the date of the claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 September 2024.

Patricia O'Leary
Ombudsman