

The complaint

Mr B complains about the settlement amount paid by Admiral Insurance (Gibraltar) Limited following a claim he made on his car insurance policy.

What happened

In October 2023 Mr B's car was stolen so he submitted a claim to Admiral. Admiral agreed to settle by paying £18,800, which it said was based on the vehicles market value of £19,050 at the time of the loss, with a deduction of a £250 policy excess.

Mr B didn't think the amount proposed by Admiral was fair because after looking through adverts he didn't think it was enough to cover the cost of a similar replacement car. Because Admiral didn't agree to increase the claim settlement, Mr B made a complaint.

Admiral provided a final response in November 2023. Admiral paid Mr B £125 compensation for some issues around the handling of the claim, but wouldn't agree to increase the claim settlement amount.

Our investigator recommended the complaint be upheld. She sourced two valuations from motor trade guides which were higher than the settlement put forward by Admiral. She said that Admiral should increase its total loss settlement to match the higher of the two valuations she'd obtained.

Mr B accepted the investigators recommendation, but Admiral did not. Admiral said, though, it was willing to pay Mr B another £297 plus interest – which would bring the claim settlement total up to the lower of the two guide valuations the investigator sourced. But the investigator didn't agree this was a fair way to resolve the complaint and maintained her original recommendation.

Because Admiral didn't agree, the complaint has been passed to me for 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.

Having done so, I've decided to uphold the complaint. And, I think the investigator's recommendation is a fair way to resolve matters. I'll explain why.

In the event of a loss due to theft, the policy terms and conditions require Admiral to settle the claim by paying up to the "*market value*" of the car. This is defined 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."

The question for me is whether Admiral provided a fair and reasonable settlement on the claim. It's standard industry practice for insurers to use motor trade guides as a basis for deciding on total loss settlement payments. Checking valuations from motor trade guides is also our services usual starting point when assessing if an insurer has provided a fair and reasonable settlement on a total loss claim.

Admiral has provided a copy of its motor trade guide valuations. Admiral obtained these valuations:

- £19,300 from Glasses
- £18,800 from CAP

Mr B thought that the car was worth more and said that he'd seen adverts which showed this, but he hasn't provided evidence of this.

The additional valuations our investigator obtained were:

- £23,115 from Autotrader
- £19,347 from Percayso

The approach our service takes in these circumstances is that the insurer should base its settlement on the higher of any of the motor trade guide valuations unless it can show it would be unfair to do so.

Although Admiral has said that it thinks the Autotrader valuation should be treated as an exception and not used, Admiral hasn't provided any specific comments or evidence explaining why the valuation itself isn't accurate or reliable. It's simply pointed out that the valuation is higher than those from other guides. But given that the motor trade guides use different methods to value vehicles, I'm satisfied it's best to use multiple guides to ensure a fair market value is reached – as this reduces the risk of consumer detriment. So, while I accept the Autotrader valuation is higher than the other three valuations, given that I've seen no evidence to suggest it's wrong, I don't think it's fair to discount this.

Admiral has provided a screenshot of four adverts for vehicles of the same make and model as Mr B's and with similar mileage. These range in price from £15,200 to £19,995. Admiral considers these adverts show Mr B could've bought a similar car for the amount it settled the claim for.

However, the source of these adverts isn't clear, and Admiral hasn't been able to confirm the date it captured them. It's only been able to say it's been in possession of these adverts since May 2024. Because of this, it's unknown whether these adverts are indicative of the market value of Mr B's car at the time of the loss, or another time such as several months later. I consider the lack of a date of origin for these adverts material because to comply with the terms of the policy, Admiral must offer a market value based on the value of the car immediately prior to the loss and without a date, I can't say that these adverts demonstrate that.

Given that I'm not persuaded the adverts Admiral provided show it made a fair settlement offer, and Admiral hasn't provided any other compelling evidence or reasons to disregard the £23,115 valuation from Autotrader, I agree with the investigator that Admiral should increase the settlement payment based on this valuation to avoid the risk of any detriment to Mr B.

Lastly, I note that in response to the investigators opinion Mr B mentioned he was unhappy with the amount his premium has gone up by. I haven't seen anything showing Mr B has

already complained to Admiral about this. Accordingly, should he wish to pursue that further, Mr B will first need to make a new complaint directly to Admiral about his premiums.

Putting things right

Admiral should pay Mr B £4,065 and pay 8% simple interest per year on this amount calculated from the original payment date of the claim to the date of settlement. If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons I've set out, my final decision is to uphold this complaint.

I require Admiral Insurance (Gibraltar) Limited to pay Mr B an additional £4,065 to bring the claim settlement in line with the highest valuation from the motor trade guides. And 8% simple interest per year should be added on this amount calculated from the date the claim was originally paid up to the date of settlement. Admiral Insurance (Gibraltar) Limited should provide Mr B with a certificate showing any taxation deducted.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 October 2024.

Daniel Tinkler
Ombudsman