

The complaint

Mr V complains that Admiral Insurance (Gibraltar) Limited has failed to settle a claim on his motor insurance policy correctly and not paid the fair market value for his car.

What happened

Mr V's car was written off following a non-fault accident. Admiral paid Mr V £7,557.50 for his car. Mr V didn't think this was a fair market value and complained to Admiral.

Following the complaint, Admiral agreed to increase its valuation by £110.14, it also paid Mr V £100 for the inconvenience experienced when needing to make the complaint. Mr V maintained that his car was still under valued and Admiral had not provided the fair market value.

Mr V believes the fair market value of his car to be closer to £10,000. He has provided a number of adverts from online marketplaces which he feels show cars similar to his being sold for between £8,995 and £9,999. He also provided details of a similar car sold at auction for £12,600. Overall he felt the payment made by Admiral was well below where it should be.

Our investigator looked at this complaint and didn't think Admiral had reached a fair market value. They explained when looking at the trade guides available, and taking into account adverts provided by Mr V, it was fair to say the highest value from the motor trade guides should be used and not an average – as had been used by Admiral when it reached its valuation.

The investigator didn't think it would be fair to rely on the adverts provided by Mr V alone as other online adverts showed similar cars to Mr V's being advertised for around the highest motor trade guide valuation. And the auction sale was a one-off sale and not indicative of the wider market. But the adverts provided supported the fact that taking the highest price from the trade guides was the fairest way to put things right over using an average.

To put things right, the investigator asked Admiral to increase its valuation to match the highest trade guide value of £8,325. Admiral agreed and said it would pay the difference against what it had already paid.

Mr V didn't accept the increased valuation and provided a lengthy response with a number of points as to why he felt the valuation needed to be increased beyond what our investigator said. He reiterated the previous points made and provided retail price index information to show the movement in second hand car values over recent years. He questioned whether adverts relied on were up to date and demonstrated that adverts from eBay he had referred to could be indicative of adverts on Auto trader with sellers using both platforms to advertise cars. He felt this supported the higher valuation for his car at the time of the loss. He didn't think any current adverts could provide an indicative price of the market value of his car at the time.

Our investigator's opinion remained unchanged. They felt they had applied this Services approach to market valuations and despite the information provided by Mr V, they saw no

reason to depart from this.

Because Mr V disagreed, he asked that the complaint be referred for 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've decided to uphold this complaint, but in line with the outcome reached by our investigator. I appreciate Mr V will be disappointed by this, but I'll explain why I've reached this decision.

Mr V has provided a great deal of information to support his view on the market value of his car and why this should be increased. While I've taken everything into account, I've focused on what is most relevant to the outcome of this complaint and so I will not comment on every point made.

Admirals policy says the following in respect to claims made for total loss:

"If we give you a cash sum, the most we will pay is the market value of the vehicle."

Market value 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"

This Service doesn't value cars. Instead our role is to determine whether the insurers valuation is fair and reasonable and in line with the terms and conditions of the policy. We use relevant motor trade valuation guides. These are persuasive as they are based on nationwide sales prices and we normally take a value from four different guides.

With Mr V's car, we were only able to get a valuation from three of the four guides due to the age of the car. These returned the three prices as the market value for the car, £8304, £8325 and £7010.

Mr V has questioned how these prices are reached and whether they are relevant to the market data at the time of the loss. He has highlighted the movement in the second-hand car market over recent years and how this can impact the price of a car. Each value is based on the market data captured at the time of the loss, with the prices returned being for April 2023. So I am satisfied it is taking account of the relevant information for the time of the loss and this is in line with the policy terms.

When Admiral assessed what it considered the market value to be, it applied the average of the guides it used, but I don't think this is the fair market value based on the guides and information provided by Mr V.

One of the guides is not in line with the others, valuing the car at more than £1000 less than the other two. So I think its fair to discount this valuation.

Mr V has provided a number of adverts and information which he feels demonstrates why the trade guides value is not indicative of the market value. I understand why, when adverts have been found for similar cars to his and some with higher mileage, that he feels these should be used. But as I've said, the trade guides provide nationwide research on likely sales prices. So with this in mind, I think it gives a better indication of the likely sales price for

Mr V's car and the cost to replace this at the time of the accident.

Our investigator said they felt Admiral should pay Mr V the difference between the highest price from the guides and what it had already paid. I agree with this outcome and feel the highest guide price should be taken over the average.

Admiral has recognised that Mr V did not have the best claims experience and that he needed to complain about it providing a fair market value for his car. It has paid £100 in recognition of this and I agree this is fair compensation for its failing here.

Putting things right

To put things right with this complaint, Admiral should pay Mr V the difference in value between what it has already paid for the market value of his car against a value of £8325.00.

My final decision

For the reasons I've explained above, I uphold Mr V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 16 October 2024.

Thomas Brissenden
Ombudsman