

The complaint

Mr P has complained about the way Admiral Insurance (Gibraltar) Limited dealt with a claim he made under his car insurance policy.

What happened

Mr P bought a car insurance policy with the insurer, Admiral.

On 8 September 2023, Mr P took his car to a garage for an MOT. The expiry date for the existing MOT was 29 September 2023.

The garage identified two defects which Mr P describes as 'major'. Mr P said the garage was able to repair one of the defects on the same day. It ordered a part for the second defect repair. Mr P says his car was booked in for that repair to take place on 11 September 2023. Mr P provided a copy of the invoice for the MOT works.

Unfortunately, before Mr P was able to take his car in for the second defect repair, on 11 September 2023 he was involved in a collision which resulted in his serious injury and hospitalisation.

Mr P's car was declared a total loss by Admiral. Admiral settled Mr P's claim by paying the market value for his car. Admiral took a deduction of 10% from the settlement it paid as it said Mr P's car didn't have a valid MOT at the time of the incident.

Mr P complained to Admiral. He didn't agree the market value it paid for his car was fair, or that it was fair for Admiral to have taken a deduction. He said his car did have a valid MOT. He was very unhappy with the poor service and delays he said Admiral had caused while dealing with his claim.

Admiral upheld part of Mr P's complaint. It accepted it had provided a poor service and caused delay. For this it paid Mr P £100 compensation for the distress and inconvenience caused. Admiral said the settlement it paid for Mr P's car was correct.

Mr P remained unhappy and asked us to look at his complaint.

Our Investigator recommended the complaint should be upheld. She recommended a higher total loss settlement sum based on the guides she checked and in line with our approach.

She didn't think Admiral had fairly applied a deduction for Mr P's car not having a valid MOT. So she recommended Admiral pay the difference in the full higher total loss settlement (minus the excess) to Mr P, adding interest at 8% simple interest a year.

For the distress and inconvenience caused by the way Admiral reached its settlement, the Investigator recommended Admiral pay Mr P £100 compensation in addition to the £100 it already paid.

Mr P accepted the Investigator's view.

Admiral didn't agree. It says the invoice for repair works provided by Mr P shows only one of two major defects were repaired before the incident. It has quoted from our website, where it says if a business can show the car didn't have a valid MOT and would have failed one, we'd probably agree a small deduction is reasonable.

Admiral says at the date of loss, Mr P's car would have failed an MOT and so it is fair for it to deduct a small percentage from the valuation settlement to reflect this.

So as Admiral doesn't agree, the case has been passed to me to decide.

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.

For ease, I've set out Mr P's complaints under headings below.

Admiral unfairly made a deduction from the settlement for Mr P's car having no valid MOT

The government website says the following in respect of holding a valid MOT certificate:

“Driving a vehicle that's failed -

You can take your vehicle away if:

your current MOT is still valid

no 'dangerous' problems were listed in the MOT

Otherwise, you'll need to get it repaired before you can drive.”

Mr P has provided a copy of the invoice from the garage. He told Admiral – and us – that the garage confirmed he could drive his car and it hadn't failed its MOT due to a 'dangerous' fault and so still had a valid MOT. Mr P says his car was booked in for the second set of repairs – to replace a missing clip on a recently replaced CV boot.

The invoice from the garage is dated 8 September 2023. It shows a charge for the MOT and for the parts and labour to fit an anti-rollbar link to the front offside of Mr P's car. This was in relation to the first defect identified, as these repairs were done on the same day.

The total costs including the MOT cost of £45 on the invoice is for £106.22.

The garage provided the following comment on the invoice under the section “Advisories”

“Vehicle not coming back to have cv boot refitted and mot retest– no longer on the road”

And underneath this, is a handwritten note to show payment received for £61.22 received on 4 October 2023.

Admiral says the evidence shows there was at least one major defect present when the incident took place, so it is reasonable that the car would have failed an MOT prior to the incident.

It has raised concern about the comment by the garage and says this would compromise the safety of the vehicle when it was driven at the time of the incident.

I haven't seen any evidence of a 'dangerous' problem which meant Mr P's car should not have been taken away from the garage – and so in line with the government guidance, I think the MOT on Mr P's car was still valid. The comment in italics from the garage appears to have been added to the invoice after the incident: payment for the reduced amount, to exclude the costs of an MOT, were paid almost a month later.

Admiral has referred to the following statement from our website;

“Roadworthiness

A lot of policies say that a vehicle must be in a 'roadworthy' state. If your claim has been affected because your vehicle wasn't in a roadworthy condition, we'll look for evidence that any loss or damage was caused because of this.

If we find that your vehicle didn't have a valid MOT and would have failed one, we'd probably say it's fair for your insurer to make a small deduction from the valuation."

As I've said, I don't find there is evidence that Mr P didn't have a valid MOT. And the above statement says that both must apply: no valid MOT *and* would have failed one.

So in this case I don't think it is reasonable for Admiral to take a deduction from the settlement due to Mr P's car not having a valid MOT.

The market value Admiral paid is too low

We don't decide a valuation. But we can look at whether an insurer reached its valuation reasonably and in line with the policy.

Admiral's policy says the most it will pay in the event of a claim is the market value of Mr P's car at the time of loss. It defines the term 'market value' 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 provided a screenshot to show it obtained two motor trade guide valuations for Mr P's car for £3,390 and £4,225.

Admiral's market value settlement before deductions came to £3,807.50, being the average of the two guides it looked at.

We checked all of the available main motor trade guides in line with our approach to see if Admiral had reached its valuation in a fair way. We found that for the month of loss, the guides gave valuations for £3,390, £3,520, £3,921 and £4,195.

I've looked at the guides, along with the example adverts Mr P has provided for similar cars. Having done so, I don't think the market value of £3,807.50 is a fair valuation for Mr P's car. So in line with our approach, I think Admiral should increase the market value to the highest of the guides it obtained, being £4,225.

I think Admiral should pay interest on the difference it pays Mr P at a rate of 8% simple interest a year. And I think Admiral should pay Mr P £100 compensation for the distress and inconvenience caused by the way it decided a valuation for his car.

Admiral caused delays and its communication was poor

Due to the circumstances of the incident and the location of Mr P's car following the incident as it was recovered by the police, this meant Admiral wasn't able to arrange for an inspection or to obtain photos to decide a valuation. But it isn't in dispute that Admiral provided a poor service. It acknowledges that it failed to provide updates and it was Mr P or his father who initiated contact with Admiral to progress the claim. This meant it took longer than it should have to deal with the claim.

I think the compensation Admiral paid for its poor service and delay of £100 is fair and reasonable.

I'm very sorry to read of the impact of the incident on Mr P. I appreciate his injuries were very serious. I am glad to read that Mr P left hospital following surgery and is back at work.

I've taken into account Admiral's role as the insurer in its handling of the claim. I think the remedy I've set out below is a fair and reasonable outcome.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- Increase the market value settlement it paid Mr P (before the excess deduction of £800) to £4,225.
- Pay interest on the difference from one month after the incident to the date it pays Mr P at a rate of 8% simple interest a year.
- Pay Mr P £100 compensation in addition to the £100 compensation it has already paid for the distress and inconvenience caused.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mr P accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 November 2024.

Geraldine Newbold
Ombudsman