

The complaint

Mr D complains about Admiral Insurance (Gibraltar) Limited's (Admiral) handling and settlement of a claim made under his car insurance policy.

What happened

One of the cars Mr D insured with Admiral was damaged in an accident with a third-party, so Mr D made a claim to Admiral.

Admiral declared the car a total loss due to their estimated costs of repairing it. Mr D didn't agree with Admiral's cost assessment and obtained his own repair estimates, and he said his car should be repaired, rather than written off. Admiral maintained the car would be written off, and they made a settlement offer of £1,500 (before deduction of the £300 excess and £247.50 for salvage for Mr D retaining the damaged car).

Mr D raised a complaint with Admiral regarding their claim decision, and about the call waiting times when trying to contact them. Admiral maintained their decision to write off the car and referred to the policy terms. But they recognised the call wait times had been lengthy, so they offered £50 compensation.

As Mr D remained unhappy, he approached the Financial Ombudsman Service.

One of our investigators looked into things. Initially she said Admiral should repair the car, rather than treat it as a total loss, and she said they should pay £100 compensation. Admiral didn't agree.

The investigator revisited things and her overall view changed. She ultimately said that Admiral was acting fairly by declaring the car as a total loss as she was persuaded Admiral had shown it was uneconomical to repair.

However, the investigator didn't think the total loss settlement offer of £1,500 (before deduction of the excess and salvage value), was fair. She said that Admiral hadn't sufficiently demonstrated that was a fair market value, so she said it should be increased to in line with an advert for a similar vehicle for sale totalling £1,975 (before deductions). The investigator also said that Admiral should add 8% simple interest from the date of the independent assessor report, and they should pay £100 compensation.

Admiral didn't agree so the case was 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 reached the same overall outcome as our investigator ultimately reached.

Firstly, I note that Mr D has mentioned more recently in communication with this service that he was unhappy about having to resupply his driving licence information to Admiral when he'd already done this. From what I can see, Mr D hasn't formally raised a complaint with Admiral about this. But as I understand it, Mr D has now supplied the licence information to Admiral in any event. However, if Mr D remains unhappy with this, he'd need to raise this with Admiral as a new separate complaint in the first instance.

Mr D has also said Admiral hasn't yet reached a liability decision with the third-party or recovered costs from them and he thinks they should've. However, from my understanding, a liability decision still hasn't been agreed with the third-party due to them disputing responsibility. Mr D has more recently provided additional information to Admiral to consider further. But if Mr D is unhappy with Admiral's handling of his claim, or the liability decision that they ultimately reach, he'd need to raise that as a new separate complaint with Admiral in the first instance.

In my final decision, I'll be considering the following three points, which have already been considered by Admiral:

- Did Admiral act fairly by treating Mr D's car as a total loss?
- Is the total loss settlement offer fair?
- Has Admiral offered sufficient compensation for the call waiting times?

I'll address each point separately.

Did Admiral act fairly by treating Mr D's car as a total loss?

Mr D's policy terms say:

"We will decide how to settle your claim and will either pay:

- *to repair your vehicle*
- *a cash sum to replace the damaged vehicle.*

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

So, this says Admiral can decide how to settle a claim, and whether to repair a vehicle or cash settle for the cost of replacement. And it also says the most a cash sum would be is the market value of the vehicle.

Mr D says Admiral originally obtained repair quotes which were in excess of £3,000. Mr D disputed this and has said he's obtained quotes ranging from £1,900 to £2,300, and that there would also be an additional cost to take the vehicle to Europe for the repairs to be carried out, but it would still be less than Admiral's quote.

Admiral doesn't dispute Mr D's vehicle *can be* repaired, but they've said it is uneconomical to do so. I don't think this decision is unfair.

Ultimately the repair costs are high in comparison to the overall value of the vehicle (which I'll talk about below), and it's possible further unexpected damage and costs could be found during repairs. So ultimately, given the cost of repairs versus the value of the vehicle, I don't think Admiral's decision to treat it as a total loss rather than repairing (or paying the cost of repairs) is unfair.

Is the total loss settlement offer fair?

In the event of a total loss, the most Admiral will pay is the *market value* of the vehicle. This is defined in Mr D's policy 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 calculated the market value as £1,500, (before deduction of the £300 excess and £247.50 for salvage if Mr D is keeping the damaged vehicle). This was based on their independent assessors view of the value.

Valuing a vehicle isn't an exact science. When considering disputes about vehicle valuations, as a starting point, we'd usually take into account what the different industry trade guides say the market valuation of a vehicle is. We also take into account any other available information. The guides we would use as a starting point are CAP, Glass's, Autotrader and Percayso. And we'd consider the safest way to ensure a consumer receives the correct replacement cost (market value) is to make sure the insurer bases its settlement on the highest one. Or – if it doesn't – make sure the insurer has provided evidence to show a valuation lower than this is fair.

However, due to the age and model of Mr D's vehicle, it doesn't feature in the trade guides so I'm not able to use those as a starting point. Also, due to the type and age of the vehicle, there are very limited *similar* vehicles for sale online too.

Our investigator initially looked online and found what she said were *similar* vehicles for sale. However, as pointed out by Admiral, not only were they newer, but a different model too. So, I don't think these could be said to be *similar* in order to determine what a fair market value for Mr D's vehicle should be.

When Admiral referred things to their independent assessor, they were able to find a limited number of *similar* vehicles for sale. Albeit slightly newer, but the same model with around the same mileage as Mr D's. And the closest age, condition and mileage vehicle was for sale for £1,975. But Admiral's independent assessor then placed a value of £1,500 on Mr D's vehicle, so less than the reasonably *similar vehicle* they could find for sale.

As explained above, valuing a vehicle isn't an exact science. But we'd expect an insurer to evidence how a fair market value had been determined. Here, there is a similar vehicle for sale that the independent assessor found, but they've then said Mr D's vehicle is worth significantly less than this. They haven't evidenced why this is, or how they reached that conclusion, or why £1,500 is a fairer market value in the circumstances. Admiral has simply said they carried out internet research (which includes the advert of the similar car for £1,975) and they are an expert in this field, so Admiral says this is enough to support the valuation.

However, I'm not persuaded by this. Like I say, I'd expect an insurer to be able to evidence why what they are offering is a fair market value, but I'm not persuaded Admiral has done this. In the absence of firm persuasive evidence that £1,500 is a fairer market value, and the vehicle not being in any of the trade guides, I think the fair and reasonable outcome here is to base the market value on the closest *similar* vehicle for sale that Admiral's independent assessor was able to find.

Therefore, I'll be directing Admiral to increase the total loss settlement to £1,975 (before excess deduction and salvage deduction if Mr D is retaining the damaged vehicle). As Mr D has been deprived of funds he should otherwise have had, I'll also be directing Admiral to add 8% simple interest from the date of the independent assessor report (as that's when they should've been able to reach a fair total loss settlement offer given the similar vehicle for sale that they identified), to date of settlement.

In addition, I agree with our investigator that Admiral should also pay £100 compensation for the distress and inconvenience caused by the handling of the claim and unfair settlement offer.

Call waiting times

Mr D was unhappy with the call waiting times when trying to speak to Admiral.

Admiral already accepts the call waiting times were too long, and they offered £50 compensation for this. Having considered things, I think this compensation offer is fair for this complaint point, but to be clear, this is separate and in addition to the £100 compensation I'm directing Admiral to pay Mr D as outlined above.

My final decision

It's my final decision that I uphold this complaint and direct Admiral Insurance (Gibraltar) Limited to:

- Increase the total loss settlement to £1,975 (before excess and salvage deductions if Mr D is retaining the damaged vehicle)
- Add 8% simple interest* from the date of the independent assessor report to the date of settlement
- Pay a total of £150 compensation (including the £50 already offered for call waiting times)

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 25 September 2024.

Callum Milne
Ombudsman