

The complaint

Mr W is unhappy with the service provided by Admiral Insurance Company Limited (Admiral) following a claim he made on his car insurance policy.

What happened

In July 2023 Mr W purchased a car and took out a car insurance policy with Admiral at the same time. The policy schedule recorded the estimated annual mileage as 5,000. The policy booklet explained in the event of a claim Admiral would pay the 'market value.' The definition of 'Market value' explained *'The cost of replacing your vehicle; with one of a similar make, model, year, mileage and condition based on the market prices immediately before the loss happened.'*

In December 2023 following an incident, Mr W contacted Admiral to make a claim. Admiral provided a pre-accident value (PAV) of £93,730. Mr W was unhappy with the PAV for his car, and complained to Admiral. Mr W also provided adverts to support a higher valuation for his car. Admiral paid Mr W £25 for the poor service provided when dealing with his claim. Admiral also offered to increase the PAV to £102,646, and pay Mr W a further £9.38 representing the interest for the days Mr W was without the additional money owed. Mr W didn't accept Admiral's offer to put things right, and brought his complaint to this service.

The investigator checked four trade guides that this service would usually consider when determining complaints about car valuation. The investigator said the PAV of £102,646 for Mr W's car was fair and reasonable. The investigator didn't ask Admiral to do anything in settlement of Mr W's complaint.

Mr W disagreed with these findings saying *'...during December and January, the market value of my car was substantially higher than the current online listings. With comparables priced as high as £125,000, I had intended to sell the vehicle. Unfortunately, the accident left me without a car and out of pocket. I firmly believe that the market value of my car will rebound, considering its rarity and unique specifications.'*

As the complaint couldn't be resolved, it has been passed to me 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 focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it has affected what I think is the right outcome.

I've looked at the trade guides that we would usually refer to when dealing with complaints about market valuation. Trade guides are based on extensive nationwide research of likely (but not actual) selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. We expect insurers to use trade guides when

valuing a car for claims purposes. Based on the circumstances of Mr W's complaint, I think it's fair that Admiral used the trade guides here.

I've summarised the values returned from the different trade guides below:

Trade Guide	Admiral	This Service
Glasses	£86,460	£85,460
CAP/ Solera	£102,000	£101,000
Percayso/ Cazoo	n/a	£104,738
AutoTrader	n/a	£101,231
Admiral offer	£102,646	

I've carefully considered the values returned from the trade guides alongside the PAV offer made by Admiral for Mr W's car. And on the whole, I'm satisfied the PAV offered by Admiral is fair and reasonable, and in line with our approach. I'll explain why.

I've seen that there is nominal difference between the highest trade value returned compared to Admiral's offer (less than 3%). So I don't think it would be reasonable to ask Admiral to increase the amount offered based on this difference alone.

Admiral has also provided evidence of three adverts relied on from around the date of the incident. These adverts show cars of a similar make and model to Mr W's. Mr W's car was fitted with extensive optional extras and not all of these are apparent on every advert. But I'm persuaded the mileage and overall specification of the cars relied on are similar to Mr W's. The adverts show values of £97,990, £99,950, and £110,000. Admiral say they used this evidence in addition to the values returned from the trade guides to inform the PAV offered to Mr W. And having considered the adverts, I'm persuaded Admiral's reliance on these is fair and reasonable.

Mr W says the mileage on his car was close to £7,000. But there isn't any evidence to support this. I have seen that the last MOT completed on Mr W's car was in May 2024, and this was before Mr W became the registered owner. The mileage recorded at the time of the MOT was 6,143. At the time of taking out insurance in July 2024, Mr W declared the estimated annual mileage on his car to be 5,000. Given the evidence available at the time, I'm persuaded it was reasonable for Admiral to use 9,101 as the mileage relevant for the purposes of valuing Mr W's car.

Mr W has described in detail the rare and specific features of his car which makes it more desirable. Mr W says these features directly impact its value, and haven't been considered by Admiral when offering him a PAV for his car. I've carefully considered Mr W's comments alongside the evidence provided. I have seen the list of added features on Mr W's car from the time of purchase. It's not disputed that the features on Mr W's car were costly at the time of purchase, and added to the driving experience.

Similar to the value of a car, factory-fitted optional extras will also likely depreciate over time, and while some optional extras can increase the resale value of a car, some won't increase the price but may make the car more desirable to buy. And even where they do have an

impact, as Mr W's has, the increase in value for the car is only likely to be a small fraction of the initial cost of those. That's what I have seen from the evidence produced by the trade guides for Mr W's car. I recognise Mr W's car was relatively new at the date of loss. I've checked the trade guides used to return values for Mr W's car. I'm satisfied our investigator has taken into account the optional extras which have increased the value of Mr W's car, but this hasn't evidenced that the market value offered by Advantage is unfair.

I have seen that Mr W sent Admiral weblinks of cars on sale of a similar make and model to his own around January 2024. However those links are no longer accessible. So I'm not able to say whether that evidence would support a higher valuation. I appreciate Mr W will be disappointed by my findings. But based on the evidence I have seen I am persuaded Admiral's PAV offer to Mr W is reasonable, and in line with our approach. So I won't be asking Admiral to pay anything more than what has been offered.

My final decision

My final decision is that I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 October 2024.

Neeta Karelia
Ombudsman