

## The complaint

Mr M complains about how his insurer, Admiral Insurance (Gibraltar) Limited (Admiral), handled a claim under his motor insurance policy following the theft of his vehicle.

Any reference to Admiral in this decision includes their agents.

## What happened

Mr M had his vehicle stolen from the driveway of his property in the early hours of the morning in December 2023. He contacted Admiral later that morning to tell them about the theft and lodge a claim. The vehicle wasn't recovered.

Admiral accepted the claim and offered a total loss settlement of £28,360 a few days later. Mr M was unhappy at the offer as he thought it at least £8,000 below what he considered its market value. He challenged Admiral about the valuation, saying his research of the market indicated a small number of vehicles of a similar make, model and specification. He provided a schedule of similar vehicles to his own, with values in the range £33,999 to £35,990 and one vehicle of the same model from a main dealer at £37,995. He also noted the extended manufacturer warranty he'd purchased for his vehicle.

Admiral treated his challenge as a complaint, which they upheld. In their final response they accepted his concerns. Using two industry valuation guides, they said these supported their initial valuation. But looking at advertisements for vehicles similar to Mr T's vehicle, Admiral agreed an increase in their valuation, increasing their valuation to £32,494.80. Applying the policy excess of £500 this meant a net settlement of £31,994.80.

Mr M still considered the offer to be some £4,000 below market value, so he complained to this Service. He said Admiral's offer hadn't put him back in the position he was in before the theft as he wasn't able to purchase a replacement vehicle with the same specification (from a main dealer). He didn't think Admiral's communication about their claim process and steps was helpful at what was already a stressful time. He thought a settlement based on a market valuation of £36,300 would put him back in the position he was before the theft.

Our investigator upheld the complaint, concluding Admiral hadn't acted fairly. In using two industry valuation guides, Admiral hadn't acted in line with this Service's approach to valuations, which used four industry guides. Insurers should pay the highest amount from the guides unless they can evidence why it would be fair to pay a lower valuation. Using this approach, the highest industry guide valuation was £34,590 so the investigator concluded Admiral should use this valuation to settle the claim. They should also add interest on the additional payment (Admiral having made an interim payment of £32,494.80).

Admiral disagreed with the investigator's view and asked an Ombudsman review the complaint. They said they used advertised vehicles for sale to evidence increasing their valuation to £32,494.80 which they thought fair. The evidence supported their valuation as it was in the higher end of the valuations obtained by the investigator and in line with the approach to valuations adopted by this Service. They didn't agree with the investigator's view they should increase their valuation to the highest of the four guide valuations as they'd

based their increased valuation on advertised vehicles for sale at the time (they provided details of advertised vehicles for sale they said supported their view). Their increased valuation was also greater than the average of all four guide valuations.

In my findings, I concluded Admiral provided evidence to support their valuation. So, they acted fairly and reasonably towards Mr M in their offer based on a valuation of £32,494.80. So, I wouldn't be asking them to increase their offer.

Because I reached a different conclusion to our investigator, I issued a provisional conclusion to give both parties the opportunity to consider matters further. This is set out below.

*What I've provisionally decided – and why*

*My role here is to decide whether Admiral has acted fairly towards Mr M.*

*The main issue in Mr M's complaint is the valuation of his vehicle as the basis for Admiral's settlement offer. He says Admiral's [revised] valuation of £32,494.80 is some £4,000 less than what he considers to be a fair valuation (£36,300). Admiral say their revised valuation is fair, based on advertisements for similar vehicles they obtained at the time. They also say it is in the higher end of the figures from the four valuation guides used by this Service, the highest of which was used as the valuation our investigator thought would be fair (£34,590).*

*Having considered the available evidence and information, my provisional decision is not to uphold the complaint. I know this will be disappointing to Mr M, so I'll set out why I've come to this provisional decision.*

*As this complaint centres on valuations as well as advertisements for similar vehicles to that of Mr M, I've looked at the respective figures.*

*Starting with the figures provided by Mr M in support of his complaint (to Admiral) there are four vehicles in the range £33,999 to £35,990 (all the same year, similar mileages within a 10,000 mile range). The average of the four valuations is £34,882. The other valuation is from a main dealer, at £37,995 (slightly lower mileage and later registration plate for the year in question).*

*For their part, Admiral have provided valuations they say support their increased valuation. The advertisements are for eleven vehicles that range from £28,995 through to £34,199 (again, same year and similar mileages within a 10,000 mile range). The average of all eleven valuations is, by my calculation, £32,145. Which is slightly less than Admiral's increased offer of £32,494.80 (Admiral say they used the average of the five vehicles most similar to Mr M's vehicle).*

*The majority of the valuations are also for vehicles with the same, earlier registration plate of the year in question (whereas three of the four vehicles from the schedule provided by Mr M have the later registration plate of the year).*

*Turning to the industry valuation guides, from the information provided by Admiral, they initially used two guides (A) and (B) they say averaged £28,360.*

*The four valuation guides used by this Service provide the following valuations:*

*(A) £26,250*

*(B) £30,100*

(C) £33,175

(D) £34,594

*The average of (A) and (B) from these figures is £28,175 which is close to the average of the same two guides Admiral say they used in their initial valuation offer. However, I don't think this was a fair and reasonable basis for the initial offer. (A) is significantly lower than the other three guide values, so discounting (A) and averaging the remaining three valuations gives an average of £32,623. Which is again close to Admiral's revised offer.*

*As a Service, our approach would start by looking at an insurer's valuation and whether it's within a certain percentage of the highest valuation guide figure (or higher). If it was then we are likely to say it's fair. Unless there is other evidence to say this is unfair (and an insurer can evidence its offer is fair and reasonable when it's lower than the highest guide value). .  
– unless an insurer can provide evidence that it's offer is supported by other evidence, including values of vehicles advertised for sale.*

*Taking all these points into account, I've provisionally concluded Admiral have provided evidence to support their valuation. So, they've acted fairly and reasonably towards Mr M in their offer based on a valuation of £32,494.80. So, I won't be asking them to increase their offer.*

*My provisional decision*

*For the reasons set out above, my provisional decision is not to uphold Mr M's complaint. Neither Mr M nor Admiral responded by the date requested.*

### **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.

My role here is to decide whether Admiral acted fairly towards Mr M.

As neither Mr M nor Admiral responded to my provisional decision, then my final decision remains the same as my provisional decision, for the reasons set out in my provisional decision.

### **My final decision**

For the reasons set out above, my final decision is not to uphold Mr M's complaint.

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

Paul King  
**Ombudsman**