

The complaint

Mr & Mrs A complain about how Admiral Insurance (Gibraltar) Limited (“Admiral”) assessed their car’s value when it was written off in a claim under their car insurance policy.

What happened

Mr & Mrs A had a motor insurance policy with Admiral covering their car.

They were involved in a collision with some animals. They made a claim.

Admiral assessed the car as being beyond economic repair. It said it would declare the car a write-off and offered them £12,820 for it.

Mr & Mrs A weren’t happy with the valuation, and they complained to Admiral.

Mr & Mrs A remained unhappy and brought their complaint to this service. Admiral offered to increase its valuation to £13,173. It also said it would pay Mr & Mrs A £100 compensation for delays in the claims process.

Our investigator looked into it and thought Admiral’s offer was fair.

Mr & Mrs A didn’t agree with the view. They say they had to make a significant journey to find a comparable model, which cost them just over £16,000 plus the costs of making the journey.

Because they didn’t agree, this complaint has been passed to me to make a decision.

I issued a provisional decision proposing to uphold this complaint because I didn’t think Admiral had offered Mr & Mrs A enough:

The approach of this service is to use trade guides to arrive at a valuation for their car. I’ve looked into these trade guides and I can see the following values based on a car with the same specification and slightly lower mileage as theirs:

Trade Guide A £12,950

Trade Guide B £12,540

Trade Guide C £13,172

Trade Guide D £13,544

It’s important I say that if the trade guides were revised to show the actual mileage of their car (which was a few thousand miles higher than initially reported), then it would usually mean that these values would be slightly lower.

Admiral’s offer sits in the range of values suggested by the trade guides, what that means is that Admiral’s approach is in line with this service’s approach.

But I've also looked at Admiral's trade guide evidence in which it says that there are very few comparable vehicles on the market. Although the valuation of their car is from the date of the collision, when I look at the marketplace I can see that the number of close matches to their car reveals fewer than 3 in total across the country.

Mr & Mrs A have provided a number of adverts for similar vehicles they say shows evidence that Admiral's valuation is unfair. I can see from their evidence that there are relatively few matches for the model they had as it has an unusual specification and had to meet their family's requirements.

I can see from the adverts they've provided that none match either the age, specification or the mileage. For example, there are significant changes around the drive system of the car, and this is coupled to different engine outputs and other specification changes.

Those are all key factors in determining the value of a car.

I sympathise with Mr & Mrs A here. Their car was damaged by what sounds to be a serious collision with animals and I'm sure the incident was very distressing for them. And they are trying to replace their family car which was unusual in its specification. They've talked about the market moving rapidly and prices being non-negotiable.

Admiral's policy wording sets out how much it will pay:

"Market value

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."

Mr & Mrs A have provided evidence that they'd originally travelled a round trip of about six hours to buy their original car from a main dealer, and when they had to replace it the journey to find the cheapest replacement was in the region of a 10-11 hour round trip.

It seems to me that Mr & Mrs A have spent an amount on a replacement car which is to a higher specification than their previous one, in other words it's not directly comparable under the terms of the policy wording.

But as there were, and still are at the time of writing, so few comparable cars to theirs, I don't think awarding them £13,173 leads to a fair or reasonable outcome.

Admiral's wording is clear that it will pay the value of the car immediately before the collision happened, which is standard in motor insurance.

One part of Admiral's evidence I'm not able to reproduce here contains evidence from a trade guide showing that their car would have depreciated from when the collision happened over the approximately seven months to the time of writing.

There is a danger when using the current state of the car buying market to compare to what it was like several months ago. But in this situation, with so few examples, I need to look at Mr & Mrs A's key evidence – that they had to travel a significant distance to buy their replacement car as there simply wasn't any available close to the price they could pay anywhere near their location.

When I look at the current marketplace for the nearest make and model to theirs, I can see

that market values still seem to be in excess of the amount paid to them by Admiral. Given Admiral's evidence shows expected depreciation since the collision, I can't say the value of £13,173 is fair.

I've said above that I don't think Mr & Mrs A replaced their car with a direct equivalent, so I don't think I can fairly ask Admiral to pay them the price of the car they bought, despite their explanation that it was the cheapest they could find and was located some considerable distance from their home.

It's my thinking that a fair market value would be £15,000 so I'd propose that Admiral pay Mr & Mrs A the difference between the amount it settled their claim at, and this figure. It's important I say these will be subject to the excess.

I'm going to ask that both parties consider this provisional decision carefully and provide their comments. I'd ask that they think about the caveats I've included above before they respond.

If either party doesn't agree with my provisional decision then they need to provide evidence why this figure doesn't represent a fair and reasonable solution.

I also think Admiral's offer of £100 compensation for delays in its claims service is fair.

Responses to my provisional decision

Both parties responded and said they didn't agree with my provisional decision.

Mr & Mrs A said the only directly comparable version of the car available locally to them at the time was priced around £16,599. So they didn't think my provisional decision valued their car high enough.

Admiral said its approach was in line with this service's approach to vehicle valuations and it didn't agree with me looking at the current car marketplace because its policy wording says it will pay the car's value at the time of the loss.

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 thought carefully about both parties' responses to my provisional decision. But I'm afraid that neither has provided me with evidence that changes my mind on the value I proposed.

In response to Admiral, it's important I say that my comment about the current state of the market for Mr & Mrs A's car was actually referring to the depreciation shown in Admiral's own evidence to this service.

Admiral followed this service's approach by using the trade guides, but as I said in my provisional decision I don't think this led to a fair outcome for Mr & Mrs A.

And I can appreciate Mr & Mrs A's disappointment as well. They were involved in a shocking incident, and made a claim from Admiral expecting to replace their car, and Admiral's valuation offer fell very short of that. In their response to my provisional decision they mention the locally available version they say was directly comparable, and much more expensive. But again, from the limited information I have, the mileage and engine output for that car seem to be different from theirs, and that means there will likely have been other

significant differences in specification and hence value.

Having studied their case carefully I can't say that, from the evidence I have, that the reasonable value of a 'like for like' replacement car would have been valued higher than what I've said.

So, it follows that I think Admiral need to now pay Mr & Mrs A the difference between what it settled their claim at and £15,000, subject to the remaining terms and conditions of their policy.

My final decision

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

- Settle Mr & Mrs A's claim at a market value of £15,000, subject to the terms of the policy. Payments already made can be deducted.

Admiral must pay the amount within 28 days of the date on which we tell it Mr & Mrs A accept my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

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

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Richard Sowden
Ombudsman