

The complaint

Mrs G complains that Admiral Insurance (Gibraltar) Limited mishandled her claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a sports utility vehicle made with seven seats and first registered in late 2014 with a “64” registration plate. For the year from early May 2024, Mrs G had the car insured on a comprehensive policy with Admiral. Any claim for damage (except a glass claim) was subject to an excess of £500.00.

Unfortunately, Mrs G reported that in late July 2024, a third party’s vehicle had damaged her vehicle. Admiral said Mrs G’s vehicle was a total loss and its pre-loss value had been £8,011.50. Mrs G complained to Admiral that it was under-valuing her car.

By a final response dated 9 August 2024, Admiral turned down the complaint. It said that it was paying Mrs G as follows:

Valuation	£8,011.50
Less	
Excess	£ 500.00
Salvage	£1,842.65
Recovery and storage	£ 152.40
Payment	£5,516.45

Mrs G brought her complaint to us in mid-August 2024.

Mrs G told Admiral that she didn’t want to keep the damaged car.

Admiral made an offer, through us, to increase its valuation to £8,443.00, to pay interest and to pay £100.00 compensation.

Our investigator recommended that the complaint should be upheld in part. He thought that a more appropriate fair market valuation would be £8,741.00. He recommended that Admiral should pay Mrs G:

1. the difference between the value of £8,011.50 and the value he’d found was fair of £8,741.00; and
2. 8% interest from the time the settlement figure was paid, to the date Admiral make this payment; and

3. £100.00 compensation

Admiral disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint. It says, in summary, that:

- In September 2024 a similar vehicle was advertised at £8,298.00.
- Its offer of £8,443.00 is therefore fair.
- The Percayso valuation is only £298.00 higher.

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.

The policy requires Admiral to compensate their policyholder for the market value of their vehicle. The policy defines 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.”

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations - which is also our starting point for most valuation complaints. I've looked at the available guides to assess whether Admiral's offer is fair and reasonable. I've reviewed CAP Market Value Manager, Glass's Market Value, AutoTrader and Percayso guides, which gave values as follows:

CAP	£7,375.00
Glass's	£7,580.00
AutoTrader	£8,337.00
Percayso	£8,741.00

Looking at the valuations produced by the guides, I'm not persuaded that either Admiral's initial offer of £8,011.50 or its offer of £8,443.00 were fair and reasonable. This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. Admiral hasn't shown why its highest offer is fair, or that Mrs G could replace their car with a similar one for the amount offered.

In these circumstances, to be satisfied that Admiral's offer represents a fair valuation, I'd expect to have been provided with other evidence (for example, adverts for cars for sale around the time of the loss, reports from experts etc) to support that a lower valuation point is appropriate. And I'd need to be persuaded that this evidence is relevant and persuasive before accepting that a lower valuation should be used.

Admiral has provided one advertisement. That is from a couple of months after the accident. Moreover, it's for a vehicle with a "14" plate rather than a "64" plate, and a higher recorded mileage. So it's not a close comparable. I'm not persuaded that a valuation in line with the Percayso valuation is unfair. To avoid any detriment to Mrs G, that is my starting point.

Considering the overall variation of values produced, and the other evidence provided, I consider that a more appropriate fair market valuation would be £8,741.00.

Putting things right

I will direct Admiral to value Mrs G's car at that figure, to pay her the balance due and to add interest at our usual rate. From what I've seen, after deducting the excess of £500.00, Admiral paid Mrs G £7,511.50.

The undervaluation had an impact on Mrs G that it made her feel short-changed and constrained in her choice of replacement vehicle. Admiral's final response did nothing to put things right. But its later offer included £100.00 compensation. I find £100.00 fair and reasonable in line with our guidelines on compensation for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance (Gibraltar) Limited to:

1. value Mrs G's car at £8,741.00; and
2. pay Mrs G:
 - 2.1 the resulting balance;
 - 2.2 simple interest on that balance at the yearly rate of 8% from 21 August 2024 to the date of payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs G how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
 - 2.3 £100.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 27 November 2024.

Christopher Gilbert
Ombudsman