

The complaint

Miss G has complained about the market value settlement Admiral Insurance (Gibraltar) Ltd paid when it settled a claim under her car insurance policy.

What happened

Miss G was unfortunately involved in an incident with another vehicle and she made a claim to her insurer, Admiral.

Admiral settled Miss G's claim by paying the market value for her car.

Miss G said the settlement Admiral paid wasn't enough to replace her written off car. She complained to Admiral but it didn't uphold her complaint.

Miss G asked us to look at her complaint. Our Investigator thought Admiral should increase the settlement – and pay interest on the difference at our preferred rate. He recommended Admiral pay Miss G £100 compensation for the distress and inconvenience caused by not paying a reasonable settlement.

Admiral accepted the Investigator's view. Miss G didn't agree. In summary she says the settlement sum we have recommended is the trade value for her car and not the price she would need to pay for a similar car. She provided an example of a similar car for sale, for approximately £2,000 more than the recommended settlement by the Investigator.

So Miss G wants an ombudsman to decide.

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.

We don't decide a valuation but we can look at whether an insurer has reached its valuation reasonably and in line with the policy.

Admiral's policy says the most it will pay in the event of a claim is the market value of a car at the time of loss. It defines the term '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."

This service has a long standing approach to valuation complaints. We find that the main motor trade guides are a reliable way to check if an insurer has reasonably decided a valuation for a car. They provide valuations for a car of the same make, model, specification, age, condition and mileage as the written off car. The guides provide 'retail transacted' guides as well as trade guides. It is the 'retail transacted' guides that we look at and not the trade value.

We have found that recently the motor industry tells us that cars are selling for close to the asking price when advertised for sale.

On reviewing two of the main motor trade guides, Admiral paid a settlement of the average of the two, which was £19,092.50.

After Miss G contacted this service, Admiral reviewed the trade guides and included a third higher settlement. The third guide provided a valuation of £19,235. So Admiral said it would increase the settlement to £19,235 and pay interest on the difference. It offered to pay Miss G £100 compensation for the distress and inconvenience it had caused.

Our Investigator looked at example adverts provided by Miss G. And he checked all of the available main motor trade guides. He found the highest of the guides came to £19,694. As Admiral hadn't provided evidence to support why its settlement was in line with the lower of the guides, he thought Admiral hadn't done enough to resolve Miss G's complaint.

The Investigator recommended Admiral increase the settlement to match the highest valuation at £19,694. As Miss G decided to keep her car, the Investigator explained that it was reasonable for Admiral to make the appropriate deduction for salvage from the higher settlement. He agreed with Admiral's offer to pay compensation of £100 and pay interest on the settlement difference.

I've looked at the example adverts provided by Miss G. But I've found there are similar available cars for sale advertised for more – and less than the final valuation settlement in my decision. So overall I think the fairest outcome is to rely on the highest of the available guides.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- Pay Miss G the difference to increase the market value settlement to £19,694 minus a deduction for salvage.
- Pay interest on the increased settlement at a rate of 8% simple interest a year from the date Admiral settled the claim to the date it pays.
- Pay Miss G £100 compensation for the distress and inconvenience caused.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Miss G accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 5 December 2024.

Geraldine Newbold
Ombudsman