

The complaint

Mr B complains Admiral Insurance (Gibraltar) Limited (Admiral) unfairly settled his claim on his motor insurance policy after his car was classed a total loss.

What happened

Mr B made a claim on his motor insurance policy after his car was damaged in an incident.

The car was deemed beyond economical repair and classed as a total loss. Admiral made Mr B a total loss settlement offer of £2,500 less the policy excess.

Mr B was not happy with the settlement amount. He carried out online research and felt it was worth at least £3,500.

Because Mr B was not happy with Admiral, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said Admiral should increase its settlement offer to £3,575 which was the highest of the adverts produced by it. They said 8% simple interest should also be added from the date the initial settlement amount was paid to the date of final settlement. Plus £100 compensation to apologise for the inconvenience caused by the reduced settlement value.

As Admiral is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

In this case I have considered whether Admiral acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr B following the write-off of his car.

My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr B's motor insurance policy with Admiral. It says; *"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 or damage happened."*

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We usually use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however

our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

In this case because Mr B's car was a classic car it was not possible to obtain valuations from the usual trade guides.

I looked at the information Admiral used when calculating the market value for Mr B's car. It used an approved engineer to undertake a desktop valuation. It said as the car was not listed in the trade guides the settlement value placed on it had been obtained from internet research of vehicles of a similar age/year, type and mileage. I saw it provided copies of adverts for similar car for sale which varied between £1,500 to £3,575 as supporting evidence. It recorded the car as being in average condition for its age and type. This was the information used to obtain the £2,500 valuation.

I looked at the adverts our investigator obtained. The highest was £3,995 and the lowest was £2,750.

Mr B provided copies of adverts which ranged from £3,495 to £4,550. He also provided copies of MOT certificates, service history and copies of receipts for parts bought for the car. Images of the car body work were provided to show it was in good condition prior to the accident. Mr B also said the car had a private registration plate and this would also add value to the car. He provided this information to Admiral when he disagreed with its initial total loss settlement amount.

I considered the private registration plate, but whether a car has its original plate or a customised one wouldn't change the valuation. I saw Admiral sent Mr B details of what he needed to do to retain his private registration when it made its settlement offer.

Prices of used cars can change on a regular basis. This could be an increase or decrease. This is the reason why we take the approach that if Admiral can demonstrate, that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

Based on all the evidence obtained to value Mr B's car, I do not think the settlement amount of £2,500 offered is fair in this case. There is conflicting evidence to show the car's potential market value is higher than what has been offered by Admiral. The adverts show a range of values between £1,500 and £4,550. The highest advert submitted by Admiral was £3,575 and I think by paying this it will ensure Mr B has received a fair offer, allowing him to replace his car with one of a similar make, model and condition.

Therefore, I uphold Mr B's complaint and require Admiral to increase its settlement offer to £3,575 less the policy excess. It should also add 8% simple interest on the difference from the date the initial settlement amount was paid, to the date of final settlement. I also require it to pay £100 compensation for the inconvenience caused to Mr B due to the reduced settlement offer made.

My final decision

For the reasons I have given I uphold this complaint.

I require Admiral Insurance (Gibraltar) Limited to:

- Increase its settlement offer for Mr B's car to £3,575 less the policy excess. This means a further £1,075 should be paid. It should pay 8% simple interest on this amount from the date the initial settlement was paid to the date of final settlement.

- Pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 December 2024.

Sally-Ann Harding
Ombudsman