

The complaint

Mr D complains about how his insurer, Admiral Insurance (Gibraltar) Limited (Admiral) valued his vehicle as a total loss following a collision.

Any reference to Admiral in this decision includes their agents.

This decision covers Mr D's complaint brought to this Service in September 2024. The principal issue was the valuation of his vehicle following it being deemed a total loss. He also complained about Admiral disposing of his vehicle without his consent. The decision doesn't cover other complaint issues raised subsequently by Mr D, which related to other complaints he made to Admiral.

What happened

In May 2024 Mr D's vehicle was in an accident involving a collision with a police vehicle. He contacted Admiral to tell them about the accident and lodge a claim. Admiral concluded the vehicle (which was electric) uneconomical to repair so deemed it a total loss. They valued the vehicle at £31,352 (less the policy excess of £850). Mr D purchased the vehicle through finance and the amount needed to settle the finance agreement was £44,407.50. Applying the net settlement figure of £30,502 left a remaining finance balance owing of £13,905.50. Admiral paid the net settlement figure direct to the finance company, saying Mr D would need to discuss the balance with the finance company.

Mr D was unhappy at the valuation, providing examples of vehicles similar to his own (including ones with a lower specification and/or older vehicles) advertised for sale at significantly higher prices (and the price he paid for his vehicle). He wanted Admiral to either clear the outstanding finance balance or provide him with a like-for-like replacement for his vehicle, which was just over a year old at the time of the accident. Because Mr D wouldn't accept Admiral's valuation, they considered his decline as a complaint.

Admiral didn't uphold the complaint, saying in their final response they saw no errors in the service provided to Mr D. Admiral said market value was the price that would be reasonably expect paying on the open market at the date of the incident to replace a vehicle with one of similar make, model, mileage and condition. Admiral primarily used three recognised industry valuation guides (retail values) compared to dealer returns of actual selling prices and the advertised prices of vehicles for sale.

The top book value across the two highest guide figures (the average) was £31,352. Admiral also reviewed the deductions applied to the valuation of Mr D's vehicle and were satisfied they had been calculated correctly. So, Admiral confirmed their final settlement (net of the £850 policy excess) of £30,502 which they'd paid directly to the finance company.

Mr D then complained to this Service. He said Admiral had only paid out what he considered wasn't its market value. He also said they disposed of his vehicle without his consent. He provided three examples of similar vehicles to his own, advertised at figures ranging from £40,999 to £46,495. This compared to the final settlement valuation of £31,352.

When providing their business file to this Service to consider Mr D's complaint, Admiral said they'd reconsidered the valuation of Mr D's vehicle. Using values from two recognised valuation guides (£29,500 and £33,204) they made a revised offer of £33,204 (an increase of £1,852) together with interest on the increase. They also offered £100 as compensation for any frustration Mr D experienced in challenging their valuation.

Our investigator put Admiral's offer to Mr D, but he rejected it. He felt the market value of his vehicle was around £45,000. He reiterated his unhappiness Admiral had disposed of his vehicle without his agreement – they had given him seven days to respond about what he wished to do with the vehicle. He said he responded by reply (to the email) to say he wanted to retain the vehicle, but Admiral disposed of his vehicle regardless.

Our investigator upheld the complaint, issuing an initial view concluding Admiral hadn't acted fairly. He reviewed three recognised industry valuation guides, which gave valuations from £29,500 through £33,204 to £36,002 (a fourth valuation guide used by this Service didn't provide a valuation). Admiral's revised valuation was in line with the middle valuation, but they hadn't shown why this was a fair valuation, given the higher valuation from one of the guides or that Mr D could replace his vehicle for this sum (for example by providing examples of vehicles advertised for sale). So, a fairer valuation would be £36,002. While Mr D had provided evidence of vehicles advertised for sale at higher prices, the investigator reviewed the vehicle manufacturer website, and it didn't provide examples of vehicles advertised at similar prices to those provided by Mr D. The investigator also thought £100 compensation offered by Admiral was fair.

Admiral challenged the investigator's view, saying the valuation guide returning the higher valuation was an outlier. The information from the valuation guide they'd used in their revised valuation included examples of vehicles indicating Mr D could have replaced his vehicle with one similar for the valuation they'd offered.

Mr D also challenged the investigator's view, providing examples of vehicles advertised for sale at significantly more than the valuation figure by the investigator. He also raised other complaint points he'd raised with Admiral, including courtesy car and other issues.

Our investigator considered the evidence and information, issuing a further view. He wasn't persuaded, so maintained his initial view that a fairer valuation would be £36,002.

Admiral maintained their disagreement with the investigator's further view and asked that an Ombudsman review the complaint.

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 has acted fairly towards Mr D.

The key issue in Mr D's complaint is the valuation of his vehicle as the basis for Admiral's settlement offer. He says neither Admiral's initial valuation (£31,352) or revised offer (£33,204) is sufficient for him to purchase an equivalent replacement vehicle. He thinks the market value of his vehicle is nearer £45,000. Admiral say their revised valuation is fair, being based on the higher of two recognised industry valuation guide figures and market examples of vehicles advertised for sale.

Having considered the available evidence and information, I'm upholding the complaint, based on Admiral's revised offer to resolve the complaint. I'll set out why I've come to this conclusion.

As the complaint revolves around the valuation of Mr D's vehicle, I've looked at what the policy provides for. Market value is defined 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."

As a Service, our approach to vehicle valuations starts by looking at an insurer's valuation, which we generally expect to be based on relevant industry valuation guides (which is also the approach we adopt as a Service). We'd expect the insurer's valuation to be 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).

Turning to the industry valuation guides, from the information provided by Admiral, they used two guides, based on retail values. The valuations were based on the registration details of Mr D's vehicle and mileage at the time of the accident.

(A) £29,500

(B) £33,204

There is a significant difference between these figures. Admiral initially offered an average of the two valuations (£31,352) but then revised their offer when providing their business file to the higher of the two valuations (£33,204).

Checking the valuations directly, they are at (or very close to) the equivalent valuations we obtained as part of our investigation of Mr D's complaint. They are based on inputting Mr D's vehicle registration and the mileage at the date of the accident. Two of the valuations are from the same guides as those given by Admiral (A) and (B). The third (C) is from a further valuation guide used by this Service. One guide used by this Service didn't provide a valuation, nor for Admiral.

(A) £29,250 (retail top book)

(B) £33,204 (retail value)

(C) £36,002 (retail value)

As set out earlier, as a Service we'd expect the insurer's valuation to be 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).

In challenging our investigator's view, Admiral say the valuation from (C) is an outlier – but they haven't provided any evidence to support that view (any more than they considered the valuation from (A) to be an outlier).

But they refer to the valuation from (B) and examples of vehicles for sale included with the valuation. However, they acknowledge the valuation (and examples) were obtained at the end of September 2024 – not at the time of the accident (the beginning of May 2024). But they don't consider the market would have changed much in the five month period between the two dates. However, I'm not persuaded, and Admiral haven't provided any evidence to

support their view. As well as being five months later, the later date would also have been after the second change of registration plate that year, which I think likely to have affected the values of older vehicles.

So, I've concluded Admiral haven't been able to provide persuasive evidence their valuation is fairly lower than the highest valuation guide figure, the £36,002 from (C), and therefore I've concluded their revised valuation isn't fair and reasonable.

While I've reached this conclusion, I've also considered what Mr D has said about the valuation of his vehicle, together with the examples of vehicles advertised for sale he's provided. While they are higher (significantly so in some cases) I'm not persuaded they are representative of the market value of his vehicle. Some examples are either newer or have lower mileages (or both). Other examples provided in response to our investigator's view are also newer or (in one case) what appears to be a significantly higher specification model. And looking at the website of the vehicle manufacturer provided examples of newer vehicles than Mr D's vehicle advertised at £38,999 to £39,990.

So, I'm not persuaded these examples indicate a fair valuation of Mr D's vehicle should be higher than that from (C).

On Mr D's other point, that Admiral disposed of his vehicle without his consent, I've not seen any evidence from either Mr D or Admiral to support what he told us (for example, the email exchange Mr D says shows he wanted to retain the vehicle. As a total loss, once settlement had been made by Admiral (to the finance company in this case) then the vehicle ownership would pass to them, and they would be entitled to dispose of it. And in the absence of the evidence I've mentioned, I can't reasonably conclude they acted unfairly in doing so. And making the settlement direct to the finance company is standard practice in cases where vehicles are declared total losses, and the vehicle has been purchased through finance. Any shortfall compared to the amount owed on the finance agreement would be a matter for the consumer (Mr D) and the finance company. (Equally, had the settlement amount exceeded the amount owed under the finance agreement, the difference would have been payable to the consumer in that scenario).

Having reached these conclusions, I've considered what Admiral should do to put things right. As I've concluded their revised valuation offer wasn't fair, then they should pay the difference between what I think is a fair value of Mr D's vehicle (£36,002) and the valuation they used to initially settle the claim (£31,352). That gives a difference of £4,650. They should also add interest to that difference, at a rate of 8% simple, from the date they paid the settlement to the date they pay the difference to Mr D.

I've also considered Admiral's offer of £100 compensation for the frustration of Mr D having to challenge their valuation. Considering the circumstances of the case and the published guidelines on awards for distress and inconvenience from this Service, I think that's fair and reasonable. If they haven't already paid the sum to Mr D, they should now do so.

My final decision

For the reasons set out above, my final decision is that I uphold Mr D's complaint. I require Admiral Insurance (Gibraltar) Limited to:

- Pay Mr D the difference of £4,650 between what I've concluded is a fair valuation of Mr D's vehicle (£36,002) and the valuation used in their initial settlement of the claim (£31,352).
- Pay interest on the difference, at a rate of 8% simple, from the date they paid the initial settlement to the date they pay the difference to Mr D
- Pay Mr D £100 compensation for distress and inconvenience.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date we tell them Mr D accepts my final decision. If they pay later than this they must also pay interest on the compensation 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 D to accept or reject my decision before 13 March 2025.

Paul King
Ombudsman