

## **The complaint**

Mr E complains that Admiral Insurance (Gibraltar) Limited's settlement offer following a claim on his motor insurance is too low.

## **What happened**

Mr E had an Admiral motor insurance policy. In May 2024, he made a claim on his policy after his vehicle was destroyed by a fire.

Admiral classed the vehicle as a total loss and offered to settle the claim for £88,205, less the policy excess. It increased this offer to £90,000 after this service became involved.

Mr E didn't accept either offer. He said his vehicle had expensive additional options on it and he'd bought it relatively recently. He said that, even allowing for depreciation, it was worth significantly more than Admiral was offering. He asked this service to make a ruling.

Our investigator recommended that the complaint should be upheld. She found four trade guide valuations based on the same make, model, mileage, and condition as Mr E's vehicle. The highest of these was £94,601. She thought this was a fair market value for the vehicle and recommended that Admiral offer this in settlement, plus interest.

Mr E accepted this. Admiral didn't so the case was passed to me to make a final decision.

## **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.

Admiral accepted Mr E's claim. My role is simply to decide whether it acted in line with the policy terms and offered Mr E a fair market value for his vehicle.

When looking into these types of complaints we check the relevant trade guides and consider whether the insurer has made a reasonable offer in line with them. We can consider other information, such as adverts, but we place more weight on the guides. That's because these are based on nationwide research of selling prices and more reliable than individual adverts. Adverts can also be misleading as sale prices are often lower than the advertised price after negotiations between buyer and seller.

The policy booklet defines market value as: *"The cost of replacing your vehicle with one of a similar make, model, year and 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."*

The policy also says that if a vehicle is less than 12 months old at the time of loss, Admiral will replace it with *"one of the same model and specification."* However, the manufacturer no longer makes the same model so this isn't an option in this case.

Our investigator found the following valuations based on a similar make, model, mileage,

and condition of Mr E's vehicle at the time of loss: £94,601; £91,700; £87,791; and £83,440. She thought a more appropriate fair market value would be the highest of these.

Admiral sent us the trade guide valuations it used to value Mr E's vehicle: £83,440; £86,410; and £90,000. It also provided two adverts from a well-known motor publication to support its position: one with less mileage than Mr E's vehicle for £88,490, and one with higher mileage for £87,980. Admiral says this shows its £90,000 offer is fair.

I recognise that Admiral believes our investigator's highest valuation is an outlier. I'm not so sure it is. It's less than £3,000 (or 3.3%) higher than the next highest. By comparison, the difference between the two lower valuations is over £4,350 (or 5%).

In any case, Admiral hasn't provided any evidence to persuade me that a valuation in line with the highest of the trade guides is inappropriate, so that's my starting point. I'm also conscious that Mr E's vehicle was relatively new, with a lot of expensive extras which increased its value.

Having considered the evidence, I think Admiral should increase its settlement to £94,601, plus interest. For the avoidance of doubt, Admiral can deduct the policy excess from this. Finally, Admiral acknowledged the frustration Mr E experienced during the dispute. It offered him £100 to apologise for this. I think this is fair.

### **My final decision**

My final decision is that I uphold this complaint and order Admiral Insurance (Gibraltar) Limited to:

- Increase its settlement to £94,601, less the policy excess.
- Add interest to this sum at 8% simple per year from the date it first made a settlement offer to the date it pays Mr E.
- Pay Mr E £100 to reflect the frustration and inconvenience it caused him.

\*If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr E how much it's taken off. It should also give Mr E a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 2 January 2025.

Simon Begley  
**Ombudsman**