

The complaint

Mr M complains about the amount Admiral Insurance (Gibraltar) Limited paid to settle a claim he made on his motor insurance policy.

What happened

Mr M's car was damaged after being involved in an accident in July 2024. He made a claim under his motor insurance policy with Admiral who reviewed the damage caused and said that Mr M's car would be deemed a 'total loss'; they said it would cost more to repair the car than it was worth. Admiral said they looked at various valuation guides available in order to determine the market value of Mr M's car. They said they looked at four guides in total, and ultimately valued Mr M's car at £3,670, which was the highest of the guide prices.

Mr M said the settlement wasn't enough to clear the finance agreement on his car, so he complained to Admiral. He also said he was unhappy with how Admiral had handled the claim and that an Accident Management Company he contacted with a similar phone number to Admiral's had collected his car from him.

Admiral considered his complaint and upheld it in relation to customer service issues; they made a payment of £300 compensation, £50 for phone calls, and refunded his excess as a gesture of goodwill. But they maintained the settlement was a fair market value. Unhappy with Admiral response, Mr M brought the complaint to this Service.

An Investigator looked into things for Mr M and recommended that the complaint be upheld. They looked at motor trade valuation guides available for Mr M's car from around the time of loss and thought the fairest thing to do was to pay Mr M the highest of the valuation guides at £3,988. This was because they didn't think Admiral had provided enough evidence to show a lower valuation was fair.

But in relation to the involvement of the Accident Management Company, the Investigator didn't think Admiral had done anything wrong, as they were instructed by Mr M and not under Admiral's direction. The Investigator also agreed the compensation offered was fair and reasonable.

Mr M accepted the Investigator's position, but Admiral didn't – they said two of the guides they used pulled data from actual selling prices, and the third from advertised prices, so they felt this was evidence to show the settlement amount was fair.

As the complaint is yet to be resolved, it's been passed to me 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.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car

in line with the policy's terms and conditions. In the event of Mr M's vehicle being declared a total loss, the policy requires Admiral to compensate him for the market value of his car. 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."

It's standard practice for a motor insurer to use valuation guides to work out the estimated value of a car, and it's not unreasonable that they do so. The valuation the guides give are based on the advertised prices of similar cars with a similar age and mileage for sale at the time of loss.

Admiral assessed the value of Mr M's car by using valuation guides which produced valuation figures of £3,270, £3,300, and £3,670 respectively. They offered the highest of these valuation figures in September 2024 as well as an additional £100 compensation.

In assessing what I am satisfied is a fair value for Mr M's car, I've also considered the range of the guides used within the motor insurance industry for valuing cars which gave values between £3,270 and £3,988. Admiral's settlement is lower than the highest guide price I've considered. And while I appreciate they've said the guides they've used pull data from actual selling prices as well as advertised prices – it's important to highlight that the valuations the guides give are all based on this approach.

Putting things right

The further guide I considered returned a valuation higher than the guides Admiral used to value Mr M's car. And Admiral hasn't been able to demonstrate to me that this guide valuation is an unreasonable one. Therefore, I'm satisfied that the fairest way for them to settle the claim is for Admiral to pay Mr M the highest valuation figure for his car.

In relation to the involvement on the Accident Management Company, while I appreciate the reasons Mr M has provided for why this happened - I don't find that Admiral did anything wrong here, given Mr M contacted and instructed them himself.

But I can see that Admiral have previously offered an additional £100 compensation for this complaint in relation to the valuation dispute when they increased the valuation to £3,670. Because I think Admiral should have paid the highest valuation figure for his car, I think it's fair to conclude that Mr M would have been caused some distress and inconvenience as a result of his car being valued lower than it should have been.

And having considered the overall impact to Mr M as part of this complaint, I agree that an additional £100 compensation is fair and reasonable in order to acknowledge any additional distress and that was caused.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to:

- Pay Mr M £3,988 for the total loss of his vehicle, plus 8% per year simple interest on this sum until the claim is concluded; and
- Pay an additional £100 compensation for trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 7 February 2025.

Stephen Howard
Ombudsman