

The complaint

Miss A complains about the settlement he's been offered by Admiral Insurance (Gibraltar) Limited (Admiral) after making a claim under her car insurance policy.

What happened

Miss A's car was involved in a multi-vehicle accident in June 2024. So, Miss A made a claim to her insurer, Admiral.

The claim was accepted by Admiral, and Miss A was initially offered £26,415 as a total loss settlement. Miss A didn't think this was sufficient as she said it wasn't enough to buy a similar vehicle. She obtained adverts of similar vehicles which she said supported her position that the settlement should be increased. Admiral maintained their settlement offer was fair, so Miss A brought her complaint to our service for an independent review.

Admiral then increased its offer to £26,750, which they said was the highest of the three motor trade guides they had used. They also offered £100 for the inconvenience caused to Miss A. This was on top of £150 paid already for not responding to Miss A as quickly as they should have. One of our investigators looked into it and thought this offer was fair.

She checked the trade guides (including an additional one), and noted it was at the top end of these. And the investigator wasn't persuaded the adverts Miss A provided, supported that a higher valuation or settlement was warranted. As Admiral had already offered at the top end of the trade guides, she didn't recommend they do anything further.

Miss A didn't agree and asked for a final decision from an ombudsman

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.

Having done so, and whilst I appreciate it will come as a disappointment to Miss A, I've reached the same outcome as our investigator.

Firstly, I recognise that Miss A wasn't responsible for the accident. However, whilst I do recognise Miss A wasn't at fault, that doesn't determine or influence the market valuation placed on her vehicle.

Miss A's car was deemed a total loss by Admiral following the accident. The terms of Miss A's policy outline that in the event of a claim, the most Admiral will pay is up to the market value.

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.”

Admiral calculated the market value as £26,750. When determining this, they relied on trade guides Glass's, Autotrader and CAP. These gave valuations of £24,280, £25,576 and £26,750 respectively. Admiral has offered the highest of these. Miss A doesn't think this is a fair settlement based on adverts of similar vehicles for sale she has obtained and that it will cost her a lot more to replace the vehicle.

Valuing a vehicle isn't an exact science. When considering disputes about vehicle valuations, as a starting point, we'd take into account what the different industry trade guides say the market valuation of a vehicle is. We'd also take into account any other available information.

The guides we use as a starting point are CAP, Glass's, Autotrader and Percayso. And we'd consider the safest way to ensure a consumer receives the correct replacement cost (market value) is to make sure the insurer basis its settlement on the highest one. Or – if it doesn't – make sure the insurer has provided evidence to show a valuation lower than this is fair.

As mentioned, Admiral used CAP, Autotrader and Glass's when obtaining valuations. Our investigator also checked Percayso. This additional trade guide produced valuation of £26,782 so approximately the same as the total already offered by Admiral.

I do acknowledge Miss A has provided her own adverts following research online of similar vehicles for sale. However, having seen the adverts, I am not persuaded to ask Admiral to increase the settlement offer. There was one initial advert provided in August 2024 following the accident. However, it was only marginally above the amount offered now and not enough to persuade me to ask Admiral to do more. There is obviously also some consideration that the advertised price is usually negotiated during a sale.

Miss A has provided some further adverts following the investigator's view. These range approximately from £27,000 to £29,000. With one other advertised for over £37,500. However, these adverts are undated and more likely to not be from the date of loss. Whilst similar to Miss B's vehicle, they range in specifications and mileage. Whilst I have considered them, they haven't persuaded me that Admiral should increase their valuation.

I am also satisfied the total of £250 offered by Admiral for the distress and inconvenience caused by their handling of this claim, is fair. Miss A hasn't said she is unhappy with this amount and I think it fairly recognises the impact of their errors, including not calling back when they said they would.

With the above in mind, as Admiral has already offered a settlement in line with the highest of the trade guides, and insufficient evidence has been provided which persuades me a higher amount would be a fairer market value, I won't be directing Admiral to increase the settlement amount. I understand Miss A will be disappointed. As well as health issues and injury she has contended with since the accident, she has told us she will end up with a deficit and not able to pay a deposit for her new vehicle. However, as the investigator explained, a deficit like this is not uncommon in situations of total loss of a new car. There are insurance products for situations such as this. I am satisfied that amount offered is fair.

My final decision

My final decision, is that the offer of settlement made by Admiral Insurance (Gibraltar) Limited is a fair one. If they haven't already, they should:

- Pay Miss A the difference between the increased offer of £26,750 and whatever has already been paid in regard to this claim (Admiral previously calculated this to be £568).
- Add 8% to this amount, from the date of the initial payment until the date of this settlement.
- Pay Miss A a total of £250 for the distress inconvenience caused by handling errors.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 6 January 2025.

Yoni Smith
Ombudsman