

## **The complaint**

Ms M complains about the settlement that Admiral Insurance Company Limited offered her for the theft of her car following a claim made on her motor insurance policy, and about the upset this caused her. She wants a higher settlement and for the policy excess to be waived.

## **What happened**

Ms M's car was stolen and not recovered, and she made a claim on her policy. After some disagreement, Admiral offered her £17,350.50, less the policy excess, in settlement of her claim. But Ms M was unhappy with this and with the level of service she'd received. She thought Admiral's offer was too low, that her policy excess shouldn't be deducted, and she shouldn't continue to pay her premiums when she no longer had a car. Admiral increased its offer to £17,444 and it paid Ms M £50 compensation for the trouble and upset caused. But Ms M remained unhappy.

Our Investigator recommended that the complaint should be upheld. She thought Admiral hadn't reasonably based its settlement for the car's market value on the valuation guides we use. She thought its offer should be the highest of the valuations provided by the valuation guides, £18,200. So she thought it should increase its offer to this amount and pay interest on the difference.

She thought Admiral was entitled to deduct the policy excess from the settlement and ask for the outstanding premiums to be paid. But she thought Admiral should increase its compensation for the trouble and upset caused by its low offers to £150.

Admiral agreed to do this. Ms M replied that she accepted the valuation. But she thought the compensation wasn't sufficient for the distress caused by Admiral not making her a fair offer in the first place. She said this matter had caused her significant stress for over six months and she calculated that it would have cost her £1,200 to pay for counselling to assuage this.

## **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.

Ms M has told us that she has found dealing with the theft of her car and the subsequent claim to be very stressful. And I was sorry to hear about this. I can understand that Ms M wanted a fair settlement for the loss of her car. And I can see that she was initially dissatisfied with Admiral's offers.

But Ms M has accepted the final settlement that Admiral agreed to pay following the Investigator's view. So I'll not consider this dispute about the valuation further other than to confirm that it has now been made in keeping with our current approach. I'll explain why I think this.

Given the current challenges in the used car market the valuation guides we use have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification. So we now expect insurers to pay the highest of

the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

Admiral has now agreed to increase its settlement to the highest of the valuations provided by the guides and to pay interest on the difference between this amount and its interim settlement as Ms M has been without her money for some time. And so I think that's fair and reasonable as it's in keeping with our approach and the policy's terms and conditions.

I'm also satisfied that Admiral has acted within the policy's terms and conditions in deducting the policy excess from the settlement. The excess is always the first part of a claim to be paid. Sometimes an insurer will waive it if it can recover this uninsured loss from another party. But this isn't possible here as the car's thief hasn't been identified.

And, also in keeping with the policy's terms and conditions, Admiral asked that the remainder of the annual premium should be paid. I can understand that Ms M may feel this to be unfair as she no longer has the car. But an insurance policy is an annual contract even though she may be paying for it by monthly instalments. And, as the policy has been used and cancelled, then the full premium is due.

Admiral agreed that its level of service to Ms M had been poor. And I think Ms M could reasonably expect Admiral to make a fair and reasonable settlement offer when she first made her claim.

When a business makes a mistake, as Admiral accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

I think Admiral's agreement to pay the highest valuation in settlement of the claim and to add interest to the difference reasonably restores Ms M's position.

In terms of the impact of its error, Admiral paid Ms M £50 compensation for this trouble and upset. It's now agreed to increase this to £150. I think that's in keeping with our published guidance where the impact of an error has been felt over a three week period. This is the period between the dates of when Ms M received an interim settlement and when she brought her complaint to us.

I can understand that Ms M feels very upset by the stress of dealing with the claim. But I can't reasonably hold Admiral responsible for the stress Ms M suffered during the time it then took for our service to provide a response or for notional costs that Ms M may have accrued in the meantime. I can only consider here the impact of the unfair valuation. And so I'm satisfied that this compensation is fair and reasonable, and I don't require Admiral to increase this.

## **Putting things right**

I require Admiral Insurance Company Limited to do the following:

1. Pay Ms M £756 more in settlement of her claim for the loss of her car, adding interest to this amount at the rate of 8% simple per annum from the date of the original settlement offer to the date of final payment†.
2. Pay Ms M £100 further compensation (£150 in total) for the distress and inconvenience caused by its level of service.

†If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms M how much it's taken off. It should also give Ms M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

**My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require Admiral Insurance Company Limited to carry out the redress set out above, as it's already agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 27 January 2025.

Phillip Berechree  
**Ombudsman**