

The complaint

Mr P complains Admiral Insurance (Gibraltar) Limited (Admiral) unfairly settled his claim after his car was classed as a total loss.

What happened

Mr P made a claim on his motor insurance policy after his car was damaged in an incident.

Based on the information given by Mr P, Admiral deemed the car beyond repair and therefore it was classed as a total loss. Admiral made Mr P a total loss settlement valuation offer of £13,375.

Mr P disputed the valuation and Admiral increased its offer to £13,823.

Because Mr P was still not happy with Admiral's valuation, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said Admiral should increase its settlement offer to £14,268 which was the highest of the four valuations they had obtained. They said 8% simple interest should also be added from the date the initial settlement amount was paid to the date of final settlement.

As Admiral is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

What I provisionally said

In this case I have considered whether Admiral acted fairly and reasonably in reaching its decision as to the level of settlement offered to Mr P following the write-off of his car.

My role is not to provide an exact valuation but to make a judgment as to whether the offer of settlement is fair.

I firstly looked at the details within Mr P's motor insurance policy with Admiral. In the terms and conditions are definitions of terms used. It says;

"Market Value

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."

Although this service doesn't value vehicles, we do check that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. We use trade guides to do this, and they're based on nationwide research of likely selling prices and take the car's specifications, mileage etc into account.

This service doesn't consider the question of market value to be an exact science, however our general approach is that the valuations given in the main motor trade guides provide the most persuasive and consistent evidence. These guides are based on extensive nationwide research of likely (but not actual) selling prices.

I looked at the information Admiral used when calculating the market value for Mr P's car. I saw it obtained valuations from three of the main trade guides. These ranged from £13,050 to £13,946. In this case Admiral initially offered £13,375. which was increased to £13,823 which is the average of the top two valuations.

I looked at the valuations our investigator obtained. They used four of the main trade guides, of which three were the same as used by Admiral. The lowest of these four valuations was £13,095 and the highest was £14,268.

Prices of used cars can change on a regular basis. This could be an increase or decrease. We expect insurers to pay the highest of the trade guides, unless they are able to provide us with evidence which supports a lower valuation. This is because we typically find the guides show a range of values 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.

This is the reason why we take the approach that if Admiral can demonstrate, that it used a fair process to value the car then we wouldn't interfere with the offer it has made.

I understand Mr P thinks the valuation should be closer to £15,000 as the car included some optional extras. However, the valuations obtained have taken into account extras, but they have not held value. This is not unusual due to the car being more than seven years old. I saw Mr P also provided links to adverts of cars for sale, however I found the adverts I was able to open were mainly different editions of his car, so I have not considered these.

Because Admiral's valuation is slightly less than the highest guide we obtained, I looked to see if its valuation was supported by other evidence. I saw it provided copies of five adverts of similar cars for sale and these prices ranged from £11,820 to £13,995. Admiral also provided a list of similar cars for sale from one of its trade guides which included cars for sale, for both more and less than its settlement offer. The list included cars located throughout the UK and I saw there were big variations in mileage. I have not considered this list as the cars, in the main, were not directly comparable to Mr P's car.

The range between the top trade valuation obtained by our service and Admiral's offer is narrow, less than 4%. Considering both the trade valuations and the adverts provided by Admiral, I think Admiral have provided enough evidence to support that its valuation is fair in this case. I feel the adverts provided show that Mr P can obtain a similar car for the amount of £13,823 offered by Admiral.

I therefore do not intend to require Admiral to increase its total loss valuation of £13,823.

Mr P also complains that Admiral paid the settlement amount to him before it had been agreed.

We think it's good practice for insurers to offer consumers an interim payment when they dispute the valuation placed on their vehicle. This is because at this stage, the insurer has accepted the policyholder has a valid claim, it's just the value that's in dispute. Therefore I would expect Admiral to pay these funds as it did do. I saw Admiral explained to Mr P in May 2024 that the settlement was issued on a without prejudice basis. It said at the point the settlement offer was made those funds belonged to Mr P, so it was obliged to issue payment

to him. I saw that when it increased its initial settlement offer it added 8% simple interest so there was no detriment to Mr P.

I saw it also paid Mr P £100 compensation for the distress and inconvenience caused.

Therefore, I don't intend to uphold Mrs P's complaint and do not intend Admiral to do anything further in this case.

Responses to my provisional decision

Admiral did not make a response.

Mr P responded and said;

- Admiral didn't provide the same amount of valuation evidence as our investigator who obtained four valuations and it obtained only three. He asked if there is a set amount of valuations that should be viewed prior and are the valuations up to date.
- At the time of the incident he had paid a large percentage off his car finance and was almost able to have the opportunity of refinancing to a newer car of the same specification using his car as the whole deposit. Because the outstanding car finance was settled by Admiral without direct negotiation with him he was no longer able to afford to finance a car of the same specification.
- Irrespective of the age of his car, his car was a higher specification model, and this was reflected in the price he paid for it. He said to buy a car at a similar specification is not the same as buying a car of a similar colour and engine size. His car was of a higher specification, and he was unable to replace his car with the same (not similar) car with the monies received.
- He was not given any opportunity at all to dispute the valuation before the settlement was paid. Admiral paid the full amount directly into his bank account without prior consent or conversation and he did not think this was fair or reasonable.

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.

In response to Mr P's comments

- Most insurers only use one or two valuation guides. Because there are different methods used by each guide, our service feels it's best to use multiple guides. This allows us to take into account the different methods used by each guide to ensure a fair market value is reached. There is no set valuation process. I can confirm the valuations obtained in this case were at the date of loss in April 2024.
- As per the terms and conditions of the policy, Admiral have a responsibility to pay off any outstanding debt against the car, and this is what it did in this case. I am unable to hold Admiral responsible for any financial arrangements Mr P has, as that is outside the terms and conditions of the policy.
- The valuation is based at the date of loss and not the date of purchase. I have based my findings using the evidence presented to me. The valuation evidence I relied upon (trade valuations and cars advertised for sale) were for cars of a similar make, model, year and mileage as per the definition of market value.
- Although the settlement was paid to Mr P without his agreement on the amount, Admiral informed him in the settlement email sent to him that this amount was issued to him on a

without prejudice basis. I think good practice might have been for Admiral to have spoken to him prior to paying the settlement amount, however this amount would still be due to be paid at the point the settlement offer was made.

I do recognise that Mr P was not at fault for the accident and the following total loss of his car. I understand it has been a very stressful time for him and I can assure him I've taken his complaint very seriously. However, based on the evidence I've reviewed; I maintain my provisional decision and I don't uphold Mr P's complaint.

My final decision

For the reasons I have given I don't uphold this complaint.

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

Sally-Ann Harding
Ombudsman