

The complaint

Mr G complains about the settlement offered to him by Admiral Insurance (Gibraltar) Limited (“Admiral”) when his car was written off.

What happened

In January 2024, Mr G’s car’s engine was hydro-locked. Admiral inspected it and told Mr G his vehicle was a total loss. It valued his car at £3,850 – which Mr G disagreed with as he said he couldn’t find a similar vehicle for that price.

Mr G complained to Admiral. In its response, it said that whilst it would usually use trade guides recognised by the motor industry to ascertain market values, it was unable to obtain a valuation from the industry recognised guides for Mr G’s vehicle and it had therefore instructed an Independent Assessor to provide a valuation. It also explained that adverts for the sale of vehicles represented the asking price but not always the eventual selling price.

It maintained its decision to value the vehicle at £3,850 – offering £2,832 after deduction of the salvage value of £693 and the policy excess of £325.

Mr G remained unhappy, so he referred his complaint to this service. He said he’d never accepted Admiral’s offer but had received an email to say he had, that no one ever physically inspected his car, and he was unable to speak to the same person at Admiral twice. He also said Admiral didn’t respond to his queries about buying back his vehicle from them and that this led to the car being left unused for months.

Our Investigator considered all the information and thought Mr G’s complaint should be upheld. The Investigator recommended a valuation of £4,800 before deductions, plus interest. Admiral didn’t agree with our Investigator’s view, so the complaint has now come 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.

As this is an informal service, I’m not going to respond here to every point or piece of evidence Mr G and Admiral have provided. Instead, I’ve focused on those I consider to be key or central to the issue in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I’m upholding this complaint. I’ll explain why.

Our service doesn’t value vehicles, but we do check to see if the insurer’s valuation and offer is fair and reasonable, and in line with the terms and conditions of the customer’s policy. To do this, we tend to consider the relevant motor trade valuation guides, which we find to be generally reliable as they’re based on nationwide research of sales prices. We’ll also look at other evidence such as adverts of similar vehicles.

Mr G's policy says Admiral will pay the market value of the vehicle before the loss occurred, and "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 said it was unable to find a similar vehicle using the motor trade guides. I've looked at the guides and I agree that these don't provide a value for Mr G's vehicle. So I've also considered what the Independent Assessor Admiral instructed based their valuation on. And overall, I don't consider the valuation reached by Admiral and its ultimate offer to Mr G was a fair one in this case, for the following reasons:

- The vehicles used by the Independent Assessor to reach a valuation are a different model to Mr G's, which I'm satisfied is considered to be a premium model.
- The examples of vehicles provided by Mr G, which are for the same make and model of car as Mr G's, show prices of \$6,000 and £4,500 – and the latter car was a year older than Mr G's which indicates that Admiral's offer was too low. An online historical exchange rate checker suggests that \$6,000 would've been worth around £4,700 at the time.
- Research of vehicles on sale shortly after the date of loss shows a similar vehicle on sale for €6,000. An online historical exchange rate checker indicates that this would've been around £5,200 at the time.
- As one of the vehicle values given is for a car that's a year older than Mr G's and one of the values is for a car which is a year newer, I think a fair value would be the average of the prices of the vehicles most similar to Mr G's. An average of the three cars priced at £4,500, £4,700 and £5,200 is £4,800.

In the absence of any other persuasive evidence, I don't therefore consider Admiral's offer to Mr G of £3,850 to be fair and will require it to increase its valuation of the vehicle to £4,800.

In terms of Mr G's various comments about how his complaint was handled, I'm unable to consider these as complaint-handling isn't a regulated activity and so falls outside the jurisdiction of this service, which can only look at complaints about regulated activities.

I also haven't commented on Mr G's dissatisfaction that his queries about buying his vehicle back went unanswered. I can't see that this has been raised directly with Admiral and so I don't think Admiral has had an opportunity to investigate this concern and provide its response. Mr G can raise this directly with Admiral if he wishes.

In relation to the other points raised by Mr G, I acknowledge that it must have been confusing to receive an email about releasing the settlement funds when he hadn't accepted the offer, but I don't think Admiral did anything wrong in releasing these funds to Mr G, as it was taking a proactive step to ensure Mr G wasn't out of pocket, even if Mr G didn't agree with the amount and went on to challenge it.

Admiral has said that as no valuation was available from the trade guides, it relied on expert opinion in line with this service's guidance. But as our Investigator explained, the expert relied on a vehicle which isn't of equivalent specification to Mr G's and some of the examples the expert relied on were for parts. So I'm not persuaded that the expert's opinion is reliable in this case.

Putting things right

Admiral Insurance (Gibraltar) Limited should:

- Apply a valuation of £4,800 to Mr G's vehicle.
- After deductions, pay the difference between what it's already paid Mr G and what it owes due to the increased valuation, plus interest at a rate of 8% simple per annum, calculated from the date it paid Mr G to the date of settlement.

My final decision

I uphold this complaint and I direct Admiral Insurance (Gibraltar) Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 March 2025.

Ifrah Malik
Ombudsman