DRN-5215722

The complaint

Mr U complains about the amount Admiral Insurance (Gibraltar) Limited paid to settle his car insurance claim.

What happened

Mr U's car was hit from behind by a van, which caused damage, so he claimed on his policy with Admiral. Admiral reviewed the claim and accepted it. Due to Mr U's car being a limited-edition, and only one of fifty ever made, Admiral appointed an engineer to review the damage and value Mr U's car.

Admiral's engineer confirmed that due to being limited-edition, the valuation guides couldn't accurately value Mr U's car and the parts would need to be put on back order to be manufactured. Due to this likely causing long claim delays Admiral decided to deal with Mr U's claim as a "total loss" and pay him the market value. Admiral's engineer said:

"I place the pre-accident value of this particular vehicle at £180,000 based on research from the internet bearing in mind the condition described herein. Having carried out research on the internet I have identified some comparable vehicles currently for sale which support this value, details of which can be made available if required."

Mr U didn't accept Admiral's offer. He said by time Admiral had let him know about it, the car Admiral had based its valuation on had been sold. He said another similar car was for sale, however, this was for sale at around £215,000 and didn't think it was fair he had a shortfall of £35,000. Because of this Mr U complained to Admiral.

Admiral reviewed the complaint and didn't uphold it. It said valuing cars wasn't an exact science and thought its engineer's valuation was fair. As Mr U didn't agree he referred the complaint here. Mr U also provided details of a similar car he'd found for sale.

Our Investigator reviewed Mr U's complaint and found the car for sale at around £215,000 had now been sold. She spoke with the garage who confirmed it sold for just under the full asking price, however, our Investigator also reviewed other adverts for similar cars. Due to Mr U's car being a limited edition she thought only one advert was comparable to Mr U's. This car had almost identical mileage to Mr U's and was advertised for sale at £198,950.

As Admiral's offer was below the price advertised in all three adverts for cars similar to Mr U's, our Investigator didn't think it was fair. And as one of the adverts was for an almost identical car, our Investigator thought the value of that car was a fair amount for Admiral to pay and recommended it increase its offer to £198,950. Admiral didn't agree, it said it had used a specialist engineer to value Mr U's car and didn't think it was fair for the valuation to be based on one advert.

As Admiral didn't agree the complaint has come to me to decide. Before I issued my decision, I asked Admiral to provide the market research its engineer had carried out to justify its valuation of £180,000. Admiral replied and provided one advert for a car with lower mileage than Mr U's, this advertised price was for £184,900.

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.

The terms and conditions of Mr U's policy say that if Admiral deems his car a total loss, it will pay him the market value. It 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."*

Our service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant trade guides. I usually find these persuasive as they're based on nationwide research of sales prices. However, in Mr U's case the guides are unable to accurately value his car due to it being a limited edition and one of only fifty ever made.

Because of Mr U's car being a limited-edition Admiral's engineer appears to have based the valuation on one advert it found for a similar car to Mr U's. This advert was for £184,900, and because Mr U's car had higher mileage, Admiral's engineer then adjusted the value and offered Mr U £180,000. Since this car has been for sale there have only been two other similar cars for sale, one which was advertised for £214,950 and another which is almost identical to Mr U's for £198,950.

When looking at all of the evidence I'm not persuaded Admiral's offer of £180,000 is fair and reasonable. I say this because the amount offered is lower than all three adverts for similar cars. Furthermore, when Admiral made the offer to Mr U, the car advertised for £184,900 had been sold and then another similar car was available for £214,950, albeit with also lower mileage than Mr U's and almost exactly the same mileage as the car advertised for £184,900.

As only three cars the same as Mr U's have been advertised for sale, I've looked at the average of all three adverts, which is £199,600. However, I've also noted two of these cars have slightly lower mileage than Mr U's. And so, when considering there was a similar almost identical car to Mr U's advertised for £198,950, which had almost identical mileage. I'm satisfied £198,950 is a fair and reasonable amount for Admiral to pay as the market value for Mr U's car.

As I'm not persuaded Admiral's offer of £180,000 for the market value of Mr U's car was fair, it needs to increase its offer to £198,950. I can also see Admiral has settled Mr U's claim on the basis of the market value being £180,000. Therefore, Admiral needs to pay Mr U the difference between the two valuations, subject to any deductions in line with the remaining policy terms and conditions. Admiral should also add 8% simple interest per annum to the additional amount it pays, this is to compensate Mr U for not having the money. Interest should be calculated from the date it paid the claim until the date of settlement.

My final decision

For the reasons explained above, Admiral Insurance (Gibraltar) Limited needs to increase its offer for Mr U's car's market value to £198,950. It needs to pay him the difference between what it paid when it valued the car at £180,000 and what it needs to pay when valuing Mr U's car at £198,950. Admiral Insurance (Gibraltar) Limited also needs to add 8% simple interest per annum to the additional amount it pays, calculated from the date it paid the claim until the date of settlement.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr U to accept or reject my decision before 15 April 2025.

Alex Newman
Ombudsman