

The complaint

Mrs G and Mr G have complained about the way Admiral Insurance (Gibraltar) Limited dealt with a claim Mrs G made under her car insurance policy.

Mr G is a named driver under Mrs G's policy.

What happened

Mrs G was involved in a car accident caused by a third party. She made a claim to her insurer, Admiral.

Admiral settled Mrs G's claim as a total loss, so it paid the market value for her car, minus the excess.

Mr and Mrs G raised a series of complaints with Admiral about the way it handled the claim and the total loss settlement.

Admiral upheld some of the complaints, but not all. For the distress and inconvenience its poor service caused, it paid compensation of £200. Admiral increased the total loss settlement it paid and paid interest on the difference. Admiral relied on the main motor trade guides when reaching its valuation.

Mr and Mrs G remained unhappy and asked us to look at their complaint.

In response to our request for Admiral's file, Admiral made a further offer to resolve the complaint. It said it would pay the highest of the motor trade guides, pay interest on the difference and pay Mrs G and Mr G a further £100 compensation.

One of our Investigators recommended Admiral pay a further £100 compensation, so an additional £200 (£400 in total). In her first view, she recommended Admiral increase the total loss settlement. But following Admiral's response, the Investigator discovered she had relied on incorrect information about the age of Mrs G's car when looking at the motor trade guides.

The Investigator issued a second view. She found that Admiral's offer to increase the total loss settlement to the highest of the guides it relied on was fair. She maintained her view that the additional compensation it should pay of £200 was reasonable.

Admiral accepted the Investigator's second view.

Mr and Mrs G didn't agree. So they want an ombudsman 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.

I'm very sorry to read about the injuries and the impact the accident had on Mrs G. And I understand that the way Admiral handled the claim has impacted Mrs G and Mr G at an already very difficult time.

I've looked at how Admiral handled the claim in its role as the insurer. And I've looked at what Mrs G's policy says. Sometimes things go wrong. When they do, we look at what the impact was, and what an insurer did to put things right.

For the complaints I've upheld, I've set out what I think Admiral should do to resolve this complaint in my summary later in my decision.

For ease, I've summarised and set out the complaints under general headings below.

Mr and Mrs G's dealings with the salvage agent

Mr and Mrs G were unhappy that after the accident, Admiral advised their car was at an address, but it had moved the car to a salvage agent the next day for free storage before updating them. Mr G travelled to the first address to collect Mrs G's personal belongings from the car. But when he arrived, he found out that Mrs G's had been moved. So he had to make a second journey to the salvage agent.

Mr G complained about the way the salvage agent communicated with him when he collected Mrs G's belongings from her car.

Admiral said it couldn't assist with this complaint as the salvage agent had its own complaints procedure. And it said it wasn't involved in the interaction between Mr G and the salvage agent.

As our Investigator explained, the salvage agent was acting on behalf of Admiral. Admiral didn't have evidence to show the salvage agent had acted reasonably – and the Investigator found Mr and Mrs G's account of what happened was consistent. While Admiral said it hadn't acted incorrectly in moving the car to reduce storage charges, it accepted it should have let Mrs G and Mr G know when it did.

So I am upholding this complaint.

Poor service provided by Admiral

Mrs G and Mr G are unhappy with the way calls were handled by Admiral. They said agents spoke over them, were rude, and that Admiral had breached Mrs G's personal data when leaving a voicemail message after calling Mr G's phone.

Admiral listened to the calls and said most of the agents had been polite and given correct information about the claims process. But it agreed that one agent's conduct had been poor. And it had a partial recording of another call, so couldn't make a finding. So Admiral upheld this complaint.

Admiral said the only contact number it held for Mrs G at the time of leaving a voicemail message was Mr G's, from when they made a claim. Admiral confirmed it didn't leave any personal data when it left a message. So it didn't uphold this complaint.

I don't have any evidence to contradict what Admiral says here.

Excess and other uninsured losses

Admiral deducted the excess from the total loss settlement in line with the policy. Mr and Mrs G didn't think this was correct as they said the police intended to charge the third party driver for careless or dangerous driving. I understand that recovery of the excess from the third party has since been done and reimbursed to Mrs G.

It is standard practice for an insurer to deduct the excess due under a claim unless a third party has admitted fault immediately. That wasn't the case here. Admiral explained that the excess – along with other uninsured losses – would be handled under the motor legal protection part of Mrs G's policy. I don't find that Admiral acted unreasonably here.

The total loss settlement

We don't decide a valuation. But we look at whether an insurer reached its valuation in a reasonable way and in line with the policy.

Mrs G's policy with Admiral says the most it will pay in the event of a claim is the market value of their car at the time of loss. Admiral defines the term '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. Use of the term 'market' refers to where your vehicle was purchased. This value is based on research from industry recognised motor trade guides."

We have a long standing approach to valuation complaints. We find that the most reliable way to decide a fair valuation is to rely on the main motor trade guides. They provide valuations based on likely and actual selling prices for vehicles in the UK in the month of loss. This doesn't mean we don't take into account adverts. But we find that adverts can range widely as they are based on what the seller believes a car is worth, so they don't necessarily reflect the final selling price.

Mrs G's car was registered in 2012 and had just under 40,000 miles. She says it was in pristine condition just before the accident. It wasn't possible to find similar cars for sale with similar mileage. Mrs G provided Admiral with examples of similar cars for sale in Europe. She's unhappy that these examples haven't been taken into consideration. But I agree with Admiral's approach here. I don't think the adverts are persuasive and carry more weight than the motor trade guides as they are based on the UK market, where Mrs G's car was purchased, and in line with the policy.

I appreciate that due to the low mileage, it wasn't possible to find similar cars for sale. But that doesn't mean that the trade guides aren't reliable. The valuations provided take into account the mileage of the specific make, model, age and condition of Mrs G's car at the time of loss. Outside of the mileage, there are many cars similar to Mrs G's car for sale. So I'm satisfied that the valuations provided by the main motor trade guides fairly reflect the market value of Mrs G's car.

Admiral relied on the 'retail transacted' valuations. These represent the average of what a customer would pay for a car at a retail garage. This is in line with our approach.

Admiral initially said it would pay a total loss settlement of £8,392.50. But in response to their complaint, Admiral reviewed the guides again and increased the settlement to £8,945, being the average of the two highest guides.

I think Admiral should have paid this sum from the outset. Where we require an insurer to increase the total loss settlement, we apply an interest award to reflect the loss of access to the additional funds.

I can see that Admiral applied interest to the difference when it paid a further £552.50.

Admiral has since increased the total loss settlement to the highest of all the guides, £9,100, with interest. And it has offered to pay £100 compensation for the distress and inconvenience it caused by the way it dealt with the settlement.

The settlement of £8,945 is within the range we think reasonable. So I find Admiral's offer to increase the settlement to the highest of the guides with interest is a fair approach to resolve the complaint. I think Admiral should pay compensation to reflect the fact that the initial settlement sum was too low.

Having checked the motor trade guides, I'm satisfied that a final total loss settlement for Mrs G's car of £9,100 is reasonable.

Mrs G says she is at a deficit due to the amount she has paid for a replacement car. But I don't agree. The replacement car Mrs G bought is younger and with lower mileage, so it's reasonable that Mrs G paid more than the total loss settlement from Admiral.

Putting things right

Admiral paid £200 compensation for the distress and inconvenience caused. However, this didn't take into account the impact of Mr G's experience with the salvage agent. It's clear from their account that having to go to two locations, and how Mr G felt he was treated, had a significant impact on both Mr and Mrs G. This was only a day or two after the accident, and so I can understand how upsetting Admiral's poor service was for them.

Admiral accepts that it should have let Mrs G and Mr G know when Mrs G's car was moved. And it accepts that some of the calls should have been handled better. But I think Admiral's handling of the total loss settlement could have been better too. But for Mrs G and Mr G's persistence in their complaint about the valuation, Admiral would have paid £8,392.50. But I find a reasonable valuation for Mrs G's car sits within a range of the higher motor trade valuations.

So as I've said, I think a fairer outcome is for Admiral to pay interest at our preferred rate on the difference in the settlement from the date it paid the original sum to the date it pays the difference.

I appreciate that Mrs G and Mr G are very upset with the way the claim has been handled and they don't agree with the final valuation. But for the reasons I've explained, I think a total loss sum of £9,100 is reasonable and in line with the policy. So I'm not asking Admiral to increase the settlement sum to more than this.

But for the distress and inconvenience caused in their dealings with the salvage agent, and Admiral's lower settlement, I think Admiral should pay a further £200 compensation. I think a total award of £400 compensation fairly reflects the impact of Admiral's handling of the claim. With the interest added, I think this is enough to resolve the complaint and in line with awards we give for similar cases.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- If it hasn't already done so, pay a further compensation award of £200 in addition to the £200 already paid for the distress and inconvenience caused.
- Pay interest on the difference in the total loss settlement of £9,100 from the date it paid the original settlement to the date it pays.
- Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mrs G and Mr G accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 3 March 2025.

Geraldine Newbold
Ombudsman