

The complaint

Mr I is unhappy with the total loss settlement Admiral Insurance (Gibraltar) Limited (Admiral) paid when he made a claim under his car insurance policy.

What happened

Mr I held car insurance through Admiral. The policy booklet explained in the event of a claim, Admiral would pay a cash sum up to the market value of the car. The definition of 'market value' explained "*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...*"

In May 2024, following an incident, Mr I contacted Admiral to make a claim on his car insurance policy. Admiral considered the claim and deemed the car beyond economic repair and paid Mr I a pre accident value (PAV) of £9,145.50. This was determined by using the values returned from the trade guides it had considered. Mr I wasn't happy with the valuation and complained to Admiral.

Admiral reconsidered its position and increased the PAV to £9,152.50. It also offered Mr I £50 in compensation for the level of service it had provided. Mr I remained unhappy and referred a complaint to this Service for investigation.

Following this Service's involvement, Admiral made a revised offer to resolve the complaint. It increased the PAV to £9,310, the highest value from the three trade guides it had considered. And it increased the level of compensation to £150. Our Investigator completed her own searches, including an additional trade guide this Service uses, which gave a PAV of £10,454. Our Investigator said Admiral should pay this amount, minus the policy excess to settle the claim. She also acknowledged the service Admiral had provided to Mr I wasn't of the level it should have been but she agreed the £150 compensation was fair.

Mr I accepted our Investigators findings. Admiral disagreed. It maintained the PAV it had offered to Mr I was fair market value and in line with the policy terms. And it provided adverts to support its position. It asked for an Ombudsman's decision. So, the case has been passed to me to decide.

I issued a provisional decision on Mr I's complaint. This is what I said about what I'd 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.

This Service's role isn't to work out exactly what the value of an individual car is. We look at whether the insurer has applied the terms of a policy correctly and valued the car fairly. Under the terms of Mr I's policy, Admiral had to pay him the market value of the car, less the excess.

When deciding whether an insurer has offered fair market value for a car, we usually refer to the trade guides. Trade guides are based on extensive nationwide research of likely (but not actual) selling prices. They use advertised prices and auction prices to work out what likely selling prices would've been. And we expect insurers to use trade guides (where possible) when valuing a car for claims purposes.

Admiral decided to treat Mr I's claim as a total loss. So, it used the valuation guides to determine the market value of Mr I's car. The values it obtained were £8,660, £8,995 and £9,310 respectively. Admiral used the highest of the values to determine fair market value. I've considered the valuation guides Admiral used when it determined the PAV of Mr I's car. I've also looked at the valuation guides this Service would usually refer to when dealing with complaints about market valuations, which included a fourth valuation from a different guide to what Admiral considered. This gave a value of £10,454, for Mr I's car.

Given the recent competitive market for second-hand vehicle sales, this Service feels it's fair to rely on the highest valuation returned by the motor valuation guides. That is unless the insurer can show there is good reason to think a lower value/its value is fair.

Admiral has now increased the PAV to £9,310, which is towards the top end of the range of values from the trade guides. And Admiral has also provided adverts from around the time of incident showing similar cars to Mr I's to support the PAV it offered to Mr I is fair. I've carefully considered these and I find them persuasive as they are reflective of the market at the date of loss. The adverts are of cars of the same make and model and of similar mileage. I acknowledge some of the adverts Admiral has provided show similar cars selling for more than the PAV it offered to Mr I, but Mr I's car is a widely sold model and it seems there's some variance in selling prices. But there is a range of cars available below the value Admiral have offered.

So, based on the evidence available I'm satisfied that it is possible for Mr I to replace his car with a one of similar make, model and mileage from the PAV offered by Admiral. So, I think Admiral has been able to demonstrate the settlement offer of £9,310 is fair and in line with the policy terms. It follows, I intend to direct Admiral to pay this amount in settlement of the claim, minus the policy excess.

Admiral accepts the service it provided during the claims process was poor. And it meant Mr S had to wait longer than he should have to receive the PAV. It has offered £150 in compensation for the trouble and upset this caused. I recognise Admiral's delay in settling the claim would have caused some additional trouble and upset, over and above what I would expect to see in a normal claims process. But I'm satisfied the £150 compensation offered fairly reflects the impact Admiral's actions had on Mr I and is in line with what I would direct in similar circumstances.

My provisional decision

For the reasons set out above I intend to uphold this complaint. I intend asking Admiral Insurance (Gibraltar) Limited to settle the claim as follows:

- 1) Settle Mr I's motor insurance claim based on the valuation of £9,310 minus the policy excess; and*
- 2) Pay interest on the difference between the interim payment, and the final settlement amount. The interest should be calculated from 30 May 2024 (the date of Admiral's initial payment) to the date of payment. The rate of interest is 8% simple interest per year**

3) Pay Mr I a total amount of £150 in compensation.

**if Admiral Insurance (Gibraltar) Limited considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr I how much it has taken off. It should also give Mr I a certificate showing if he asks for one, so he can reclaim the tax from HM Revenue & customs if appropriate.*

Responses to my provisional decision.

I invited both Mr I and Admiral to respond to my provisional decision. Mr I accepted my provisional decision. Admiral made no further comment.

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 neither party has made any further submissions to my provisional decision, my findings haven't changed from those I set out previously. So, for the reasons set out above, I uphold this complaint.

My final decision

I uphold this complaint. I direct Admiral Insurance (Gibraltar) Limited to settle the claim as follows:

- 1) Settle Mr I's motor insurance claim based on the valuation of £9,310 minus the policy excess; and
- 2) Pay interest on the difference between the interim payment, and the final settlement amount. The interest should be calculated from 30 May 2024 (the date of Admiral's initial payment) to the date of payment. The rate of interest is 8% simple interest per year*
- 3) Pay Mr I a total amount of £150 in compensation.

**if Admiral Insurance (Gibraltar) Limited considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr I how much it has taken off. It should also give Mr I a certificate showing if he asks for one, so he can reclaim the tax from HM Revenue & customs if appropriate.*

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

Adam Travers
Ombudsman