DRN-5290153

The complaint

Mr and Mrs N complained about Admiral Insurance (Gibraltar) Limited's settlement of their motor insurance claim.

Mr and Mrs N are both complainants, but as he's been the main correspondent and for ease of reading, I've referred to only Mr N below.

What happened

In August 2024 Mr N's car was stolen. He claimed against his Admiral motor insurance policy. After some back and forth it offered a settlement based on a market value of £16,576. I'll call that Admiral's 'settlement valuation'. Mr N challenged it, saying it didn't reflect a fair valuation of the car.

Admiral didn't agree to increase its settlement valuation. It said the purpose of the policy is to indemnify Mr N by paying the current market value of the car following a total loss. Having considered the available evidence - including valuation guides - it was satisfied £16,576 reflected its market value.

Unsatisfied with that outcome Mr N referred his complaint to the Financial Ombudsman Service. Mr N said he had, when taking out the policy two years earlier, provided a declared valuation of £21,000 - the price paid for the car. He considered it unreasonable that he'd being paying premiums, based on that value, when Admiral had no intention of settling the claim at that amount. He considered Admiral's been overcharging him for his cover.

Mr N felt Admiral's settlement valuation of £16,576 doesn't, based on his own research, reflect the true value of the car. He said he's been unable to buy a like for like replacement. To resolve his complaint, he would like Admiral to pay a higher settlement, closer to the declared valuation.

Our Investigator wasn't persuaded the claim should be settled based on as high a valuation as requested by Mr N. But he did feel the evidence supported a market value and settlement valuation of £16,965. So, he recommended Admiral pay Mr N the shortfall.

The Investigator acknowledged a higher vehicle valuation can result in a higher premium but noted the policy terms set out that claims will be settled on market value at the time of loss, rather than the declared value. He also said it was for Mr N to provide an accurate valuation of the vehicle when taking out the policy. So, he didn't recommend, as Mr N had requested, Admiral refund any premium or settle the claim at the declared valuation. As neither Admiral nor Mr N accepted the Investigator's proposed outcome the complaint was passed 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 N and Admiral have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

The policy says, for a claim, the most Admiral will pay is the market value of the car. Market value is defined by the policy as the cost of replacing Mr N's car with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened.

Mr N considers the claim should be settled at the declared value. I'm not persuaded by his arguments. I return to the issue later. I'm satisfied it's reasonable for Admiral to settle at the market value - as defined by the policy.

So I've first considered if Admiral's settlement valuation of £16,576 is in line with the policy terms. When looking into these types of complaints we check trade guides, adverts and other relevant evidence. We consider whether the insurer has made a reasonable offer in line with the evidence. We generally find the guides persuasive as they're based on nationwide research of likely selling prices, so they can be more reliable than individual adverts. But as I've said we do consider other evidence.

I've considered four valuations, from guides, of the car at the time of the loss - Guide A £16,853, Guide C £14,800, Guide G £16,300 and Guide P £16,965. The first three were sourced by Admiral. Guide P was sourced by this Service. They were all generated using the specific make and model of Mr N's car - with a mileage of around 58,000. Admiral estimated that mileage based on a November 2023 MOT record of 52,286. I'm satisfied that was a reasonable estimate.

To minimise the chances of detriment to policyholders, I usually expect insurers' settlement valuations to be very close to the highest of the guides - unless there's persuasive evidence supportive of a higher or lower market value. I note that Admiral's settlement valuation was lower than the highest of three guides it checked. And Guide P (not checked by Admiral) has given the highest value overall.

I've considered if there is persuasive evidence that a fair settlement valuation would be higher or lower than the highest guide - Guide P's £16,965. Admiral feels it's evidenced its lower settlement valuation to be fair. For supporting evidence it referred to advert listings, provided with Guide A's valuation. It said a number of those demonstrate its settlement valuation to be fair and enough to allow Mr N to purchase a similar vehicle.

Unhelpfully Admiral didn't specify which of the thirty plus listings it was referring to. I found one example with very similar or lower miles than Mr N's car that was offered at Admiral's settlement valuation of £16,576. On the other hand, I found two examples with very similar mileage, but with an asking price above Guide P's valuation - at £17,000 and £17,490. So whilst there's some limited evidence to support Admiral's position, it hasn't done enough to demonstrate a settlement below the highest of the guides to be fair.

Mr N, on the other hand, feels the settlement valuation should be significantly higher than £17,000. His main argument is that optional extras, fitted to the car, significantly increased its value.

To support this, he's provided his own Guide A valuation. It includes around 20 optional extras he manually added to the valuation system. The result is a valuation of £19,965. The company providing Guide A has confirmed, if the extras were on the car, it would consider the valuation to be fair. In addition, Guide C estimated Mr N's list of optional extras would add around £500 to the value.

I note Admiral has said Guide G didn't apply any increase in value when the optional extras are selected. But overall, I consider there's enough evidence to support the claimed optional extras would likely have some positive impact on the valuation.

Our Investigator was of the opinion Mr N hadn't provided enough evidence to demonstrate the car did have all the optional extras claimed. Ultimately, it's for Mr N to demonstrate his loss. That includes evidencing the car had the optional extras he claims.

Unfortunately, Mr N's been unable to provide anything from the manufacturer or a historic advert as evidence. He has provided a few photos of the car, taken when it was recovered after the theft. He said these support four of twenty optional extras. The photos don't obviously, to me, demonstrate all four - instead only two or three.

I accept its difficult for Mr N to provide supporting evidence at this point, following the theft of his car. Its unfortunate that he's unable to provide more than he has. But ultimately, as I said it's for him to demonstrate his loss. Whilst I accept his car may have had the full range of optional extras he claims, I haven't seen enough to find it most likely did. As such I can't reasonably require Admiral to pay him extra to settle his claim.

Finally, Mr N raised concern at Admiral not settling his claim in line with the valuation he declared when taking out the cover - despite believing the premium to be influenced by that valuation. As I've set out Mr N's policy settles in line with the market value at the time of the loss. That's a common feature of standard motor insurance policies.

As the Investigator explained its Mr N's responsibility to provide an accurate valuation when taking out cover. If his car's declared valuation was higher than its true market value, I can't find Admiral responsible for that. I accept it may have been accurate on account of optional extras. But as I've set out above, unfortunately Mr N hasn't been able to adequately demonstrate the existence of those. Again, that's not something I can fairly find Admiral responsible for. I realise this will be disappointing for Mr N, but this means I'm not going to require it to settle his claim at the declared valuation or refund any premiums.

For the reasons given above, I consider a fair outcome will be for Admiral to settle the claim in line with the highest of the guides - at £16,965. That means it will need to pay Mr N the difference between its settlement valuation and that sum. To make up for him being without those funds it should add simple interest at 8% from the date of the original payment to the date of final settlement.

My final decision

For the reasons given above, I require Admiral Insurance (Gibraltar) Limited to settle Mr N's claim based on a valuation of £16,965. It must add simple interest at 8% from the date of the payment of the initial settlement to the date of final settlement*.

If Admiral considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr N how much it's taken off. It should also give him a tax deduction certificate if asked 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 Mrs N and Mr N to accept or reject my decision before 16 July 2025.

Daniel Martin

Ombudsman