DRN-5291119

The complaint

Mr N is unhappy with the valuation figure Admiral Insurance (Gibraltar) Limited (Admiral) offered after he made a claim under his motor insurance policy.

What happened

In September 2024 Mr N's car was stolen from outside his home. He reported the claim to Admiral and says they quickly offered a settlement figure which he felt was insufficient. Mr N complained and explained why he considered the valuation needed to increase, as he said to replace the vehicle would cost him in the region of £9,000 more than Admiral was offering.

Admiral responded to Mr N's complaint but didn't increase its offer. It said it was satisfied it had offered the market value of the car, as was set out under the policy terms.

Unhappy with Admiral's response, Mr N referred his concerns to the Financial Ombudsman Service. They were considered by one of our investigators who said Admiral ought to increase the valuation figure offered to the highest of the four valuations he'd obtained and pay simple interest at 8%.

Admiral didn't agree, saying their valuation was only slightly lower than the figure directed by the investigator. They said they'd provided two adverts with the Autotrader valuation, which supported its position the valuation was fair. Our investigator didn't reach a different conclusion, so this case has been passed to me.

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.

Having done so, I've reached the same conclusion as our investigator and for the same reasons. It's accepted that Admiral is required pay the market value of the car. And the policy terms define market value as:

> *"**Market value***
>
> *The cost of replacing **your vehicle**; with one of a similar make, model, year mileage and condition based on market process 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 offered Mr N £15,537.33 for his car, less the excess. This amount was the average of three valuations from AutoTrader, Glasses and CAP. Our investigator obtained valuations from one other trade guide, Percayso. The highest valuation from the four trade guides was £15,992.

Our established approach to valuation disputes is to look at four valuation guides. And to ensure the customer received a settlement based on the correct market value; we would say the highest guide value should usually be used. And if the insurer's valuation isn't the same or very close to this, we'd look to see if it's supported by other evidence, such as adverts or an expert's opinion. If it's not supported by other evidence, we will tell the insurer to use the highest guide value to settle the customer's claim.

Admiral said the offer it made was fractionally below the Percayso valuation referred to by the investigator. It also referenced two adverts which accompanied the Autotrader valuation. One was in line with the valuation figure recommended by our investigator but had a lower mileage than Mr N's car. The other was in the range as the valuation figure offered by Admiral but with a slightly higher mileage. Admiral said this showed its valuation was in line with the Percayso valuation. Admiral also suggested that as its valuation was less than £500 below the valuation figure recommended by our investigator its offer was, essentially, close enough.

However, if I accept Admiral's argument, Mr N would be disadvantaged by not having the highest valuation figure identified, albeit the increase set out is fairly small and below what Mr N was hoping to receive.

I've considered the two adverts Admiral provided in response to our investigators' conclusions and comments about mileage. I'm mindful mileage is only one or a number of factors that form a valuation and, as Admiral says, advertised prices usually allow for some degree of negotiation. And there were several different adverts which originally accompanied the Autotrader valuation provided by Admiral, and these ranged in both price and mileage above and below that of Mr N's car. Admiral only chose to highlight the two referenced above.

However, I don't consider Admirals' argument its offer is in line with an advert driven guide (Percayso) to be sufficiently persuasive that I should depart from our published approach, or what I consider to be fair and reasonable in the circumstances of this case. I'm satisfied in the circumstances of this case, our established approach of requiring an insurer to pay the highest of the four guides is appropriate here.

Putting things right

For the reasons set out above, I've decided to uphold Mr N's complaint and require Admiral settle his claim using a market value for his vehicle of £15,992. This means it must pay Mr N the extra amount due because of this.

It must also add simple interest at 8% per annum to the extra amount owed to Mr N from the date the valuation was shared with Mr N until the date of settlement, to compensate Mr N for being without this amount.

My final decision

I uphold Mr N's complaint and require Admiral Insurance (Gibraltar) Limited to do what I've set out above in the "Putting things right" section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 8 April 2025.
Emma Hawkins
Ombudsman