

The complaint

Mr S complains about the settlement he received from Admiral Insurance (Gibraltar) Limited after he made a claim under his motor insurance policy.

What happened

In mid-2024, Mr S made a claim under his motor insurance policy with Admiral after his car was damaged in an accident.

Admiral deemed the car a total loss. It offered Mr S a settlement of £10,887 (minus the policy excess). Mr S didn't think Admiral's settlement offer was sufficient, so he raised a complaint. Admiral maintained its position. So, Mr S asked our service to consider the matter.

Our investigator didn't think Mr S's complaint should be upheld. She thought Admiral's settlement offer was fair and reasonable.

Mr S disagreed with our investigator's outcome. He said his vehicle was later sold and had been listed at £8,500 as a category N car. He said a categorised car generally decreases in value by 20% to 40% which would put the uncategorised value of his car in the range of £14,200 to £10,700. So, the complaint has been 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.

Having done so, I've decided not to uphold Mr S's complaint. I'll explain why.

The policy's terms and conditions say the most Admiral will pay to settle a claim for loss or damage to a vehicle is the market value of the vehicle.

"Market value" is defined 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."

It isn't our service's role to value a car. Instead, we check to see that an insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this, we use relevant trade guides. We usually find these persuasive as they're based on national research of selling prices. They can provide valuations based on the make, model, age, condition and specification of a vehicle.

Admiral used three trade guides to value Mr S's car. It's provided screenshots of the valuations which are showing as £8,780, £9,500 and £10,887. Our service checked a fourth guide in addition to the guides Admiral used. This gave a valuation of £10,319.

Admiral based its total settlement on the highest of these valuations. It paid him £10,137 after taking of the £750 policy excess.

Mr S says the pre-accident value of his vehicle was much higher than the valuation Admiral reached because of the optional extras that came with the car. He says his vehicle had a high specification and there aren't many like it.

Mr S told us that he spent a long time searching for a vehicle of this specification. It cost him £16,500 when he purchased the car around a year before the accident. So, I can understand his disappointment that Admiral's valuation was so much lower than he expected.

Not all optional extras will increase a car's value. They depreciate over time and those over a certain age often have no effect on the value of the car at all. Extras may make a car more desirable to some buyers but may put others off. Mr S's car was around 12 years old at the time of the accident, so the car and its extras had suffered significant depreciation. Our service was able to run a bespoke check taking the optional extras on Mr S's car into consideration, but the resulting value was below the amount Admiral based its settlement on. So, I'm not persuaded Admiral should have increased its offer because of the extras.

I've reviewed the adverts Mr S has provided for similar vehicles. One of these was advertised for £14,750 but the car was two years newer than Mr S's. One was advertised for £15,995 but the mileage was much lower than Mr S's car. The third vehicle (advertised for £16,750) didn't have any information on the age or mileage, other than that it was low. So, I'm not persuaded that these adverts show Admiral's valuation of Mr S's vehicle was too low.

Mr S says his vehicle was later sold, listed at £8,500 as a category N vehicle. He says this shows Admiral's valuation of his vehicle was too low as a categorised car generally decreases in value by 20 to 40%.

A 20% reduction from £10,887 works out to be £8,709 and a 40% reduction is £6,532. I haven't got any information to show me what the vehicle was sold for as a category N. Mr S has provided an email from the trader who listed the vehicle for sale, which says the advert price was £8,000 with £8,500 mentioned at the bottom of the advert. Both of these figures fall in the 20% to 40% reduction in value range. So, this information doesn't persuade me that Admiral's pre-accident valuation of Mr S's vehicle was too low.

I know my answer will be disappointing for Mr S. But having carefully considered all of the information available to me, I think the settlement Admiral paid him was fair and reasonable.

My final decision

For the reasons I've explained, I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 April 2025.

Anne Muscroft
Ombudsman

