

## **The complaint**

Miss C has complained about Admiral Insurance (Gibraltar) Limited. She isn't happy about the valuation of her car after it was deemed a total loss following a claim under her motor insurance policy.

## **What happened**

Miss C made a claim under her motor insurance policy and her car was deemed a total loss. When Admiral looked to settle her claim Miss C wasn't happy with the valuation of her car.

Admiral looked to value Miss C's car after it was written off by looking at a number of the various trade valuation guides in order to gauge the market value of her car. It offered Miss C £5,441 (less her policy excess) which was the average of the two highest guides it found of three. When Miss C complained to Admiral about this, as she believed her car was worth a few thousand more, it maintained its position that its offer was a fair market value.

Our Investigator looked into things for Miss C and upheld her complaint. She looked at four of the motor trade valuation guides available for Miss C's car from around the time of claim and thought the fairest thing to do in this instance was to pay Miss C the highest of the trade guide valuations she found (£5,904). This was because she didn't think Admiral had provided sufficient evidence to show that a lesser overall valuation was fair.

Miss C reluctantly accepted the position outlined but Admiral didn't. It said that some of the adverts suggested that its lower valuation was fair and so the matter has been passed to me for review.

## **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 agree that this complaint should be upheld. I'll explain why.

This Service has an approach to valuation cases like Miss C's which has evolved in recent times. When looking at the valuation placed on a car by an insurance company I consider the approach they have adopted. And decide whether the valuation is fair in all the circumstances.

It isn't the role of this Service to come to an exact valuation of a consumer's car. But we do look to see if insurers have acted reasonably in looking to offer a fair market value of the car in line with the policy terms and conditions. I pay attention to the various trade valuation guides used for valuing cars. And I look at any other evidence provided by both sides, such as advertisements or details about the condition of the car.

Valuing second-hand cars is far from an exact science and it isn't my role to value Miss C's car. I'm just looking to see if Admiral has acted reasonably in providing a fair market value of her car and, overall, I think its valuation wasn't fair.

Ultimately, the policy requires Admiral to compensate Miss C, the policyholder, for the market value of her car. The policy defines 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.'*

In assessing what constitutes a fair value we generally expect insurers to review relevant guides to motor valuations – which is also our starting point for most valuation complaints. And I've looked at the available guides to assess whether Admiral's offer is fair and reasonable. I have reviewed the three guides which Admiral considered, which gave values of £4,900, £5,400, and £5,483 alongside a fourth valuation guide of £5,904 which our Investigator ran when considering this complaint. And looking at the valuations produced by the guides, I'm not persuaded that Admiral's starting valuation offer of £5,4441 feels fair.

This is because the valuation guides have produced valuations which vary significantly from the lowest to the highest. Admiral's offer sits towards the mid-point of the values produced, but it hasn't shown why its offer is fair, or that Miss C can replace her car with a similar one for the amount offered.

In responding to the Investigator's view it suggested that it had found three adverts that supported its position that a lower valuation is fair. But only one of the adverts it has provided has a similar mileage to Miss C's and I wouldn't generally find one advert persuasive. And Admiral said that it valued Miss C's car by averaging two of the three guides it found as opposed to relying on the additional adverts at the time of claim, so the advert didn't impact its actual valuation.

In these circumstances, to be satisfied Admiral's offer represents a fair valuation, I'd expect to have been provided with more evidence than this. And I'd need to be satisfied that this evidence is relevant and persuasive before accepting that a lower valuation should be used. Indeed, the one advert Admiral has provided that has a comparable mileage to Miss C's vehicle, that is less than the amount it offered, clearly says '*lower price*' on the advert so I'm not persuaded that this represents a fair market value. Especially as the valuation guides consider wide reaching data in forming a fair market value so naturally I find these more persuasive.

I know Miss C has suggested that her car is worth a lot more, but she has accepted the position outlined by our Investigator. And I'm not persuaded that the evidence she has provided is strong enough to suggest that the highest valuation guide is unfair in this instance.

So, as Admiral haven't provided any other evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate, and to avoid any detriment to Miss C, the highest valuation produced by the guides is my starting point. So, considering the overall variation of values produced, and the lack of other evidence provided, I consider that a more appropriate fair market valuation would be £5,904 less the policy excess. And Admiral should pay 8% simple interest for the time Miss C has been without the shortfall as she has been without the money owed.

### **My final decision**

It follows, for the reasons given above, that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay Miss C £5,904 as the market value of her car and 8% simple interest on any shortfall from the date of the interim payment until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 15 March 2025.

Colin Keegan  
**Ombudsman**