

The complaint

Mr H complains about the level of service provided by Admiral Insurance (Gibraltar) Limited after he made a claim on his motor insurance policy.

What happened

Mr H's car was damaged in an incident, and he made a claim to Admiral. His car was deemed to be beyond economical repair and Admiral offered Mr H £31,860, less the policy excess, in settlement for the car's total loss. But Mr H was unhappy with this as he thought he couldn't replace his car for this amount. And he thought Admiral should either return the car's towbar or compensate him for its loss. He was also unhappy with the delay in full payment being made, that a fault claim was recorded against him, and with the actions of Admiral's salvage agent.

Admiral said it couldn't remove the towbar from the car as it had been factory-fitted, and it offered Mr H £50 compensation for the trouble and upset caused. It said Mr H should complain directly to its agent if he had concerns about its service. But Mr H remained unhappy.

Our Investigator recommended that the complaint should be upheld in part. He thought Admiral's settlement offer was fair and reasonable. But he thought that as it had offered to remove the towbar it should compensate Mr H for this loss and pay him £150 for its value. And he thought Admiral's offer of £50 compensation for the trouble and upset caused was fair and reasonable.

He thought a fault claim had been correctly recorded as Admiral hadn't recovered its outlay. He thought the delay in payment was due to Admiral's delay in recovering the salvage. He thought Admiral should respond to Mr H's complaint about its agent if it hadn't responded.

Admiral replied that it agreed to pay Mr H £150 for the value of the towbar. But it said Mr H should direct his complaint about its agent to it for an investigation and a response. Mr H replied that his towbar was valued at £1,500. Mr H said he'd been quoted £4,000 to £5,000 more to replace his car with a like for like one.

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.

I can understand that Mr H wants a fair settlement for the loss of his car. He said he'd seen similar cars advertised for £4,000 to £5,000 more than Admiral's offer. And so he was disappointed with this.

Mr H's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet 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."

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor valuation guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought Admiral's settlement offer was fair and reasonable. So I've checked how he came to this conclusion. I can see that he looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Mr H's car at the date of its loss.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification. So we now expect insurers to pay the highest of the trade guides, unless they are able to provide us with evidence which supports a lower valuation.

Admiral had provided a valuation of £31,860, which was the highest of the valuations provided by the guides. This took into account the car's optional extras, including the factory-fitted towbar. And so I agree that Admiral's offer was fair and reasonable as it was made in keeping with our approach and the policy's terms and conditions. I don't require it to increase this.

Admiral delayed paying Mr H his full settlement by ten days as it couldn't collect the car's salvage. From what I can see it added interest to the withheld amount. And so I think that fairly compensates Mr H for this delay.

Admiral was unable to recover its outlay for the claim as Mr H had damaged his car when he hit debris on the road that couldn't be attributed to another driver. And so Admiral recorded the claim as fault. This doesn't mean that Mr H was to blame for the incident. This is standard industry practice when an insurer can't recover its outlay.

Admiral agreed that its level of service had been poor. It offered to remove the towbar from the car before ascertaining whether this was possible. So I think it falsely raised Mr H's expectations. Admiral paid Mr H £50 compensation for this trouble and upset. I think that's in keeping with our published guidance for the impact of such an error.

And Admiral has agreed to pay Mr H £150 compensation for the value of his towbar. The towbar wouldn't increase the value of the car as it was factory-fitted. But Mr H lost out due to Admiral's error and so I think it should compensate him for this.

I understand that a new towbar would cost between £1,200 and £1,500. But I'm satisfied that £150 is the value of the towbar, not its retail price. And so I'm satisfied that £150 compensation is fair and reasonable, and I don't require Admiral to increase this.

Mr H was also unhappy with the service provided by Admiral's salvage agent. Admiral said the agent was authorised by it to respond to Mr H's complaint and it had passed the complaint to it. I think that if the agent has investigated and responded to Mr H's complaint that's fair and reasonable. But from what I can see, Mr H hasn't received a response to his concerns and so I think Admiral should reasonably investigate and respond to these.

Putting things right

I require Admiral Insurance (Gibraltar) Limited to pay Mr H £150 for the value of his towbar, as it's already agreed to do, and to ensure that his concerns about its agent are addressed.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require Admiral Insurance (Gibraltar) Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 31 March 2025.

Phillip Berechree
Ombudsman