

The complaint

Mr F has complained about the total loss settlement his insurer Admiral Insurance (Gibraltar) Limited paid when he made a claim under his car insurance policy.

What happened

Mr F made a claim to Admiral following the theft of his car. It was recovered around four months later by the police.

Admiral settled Mr F's claim by paying a total loss settlement it said was equivalent to the market value of his car at the time of loss. The settlement was £2,346.72.

Mr F complained to Admiral as he said this wasn't a fair valuation for his car. Admiral didn't uphold his complaint.

Mr F's car was registered in 1992. So the main motor trade guides didn't provide valuations to use as a guide.

One of our Investigators recommended Admiral increase the settlement to £6,300. This was based on a specialist valuation – and in line with adverts Mr F provided of similar cars for sale.

The Investigator recommended Admiral pay Mr F £250 compensation for the distress and inconvenience caused.

Mr F accepted the Investigator's view. Admiral didn't agree. So the case 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.

We don't decide a valuation. But we look at whether an insurer reached its valuation reasonably and in line with the policy. Although Mr F says his car was a classic car, he bought a standard motor insurance policy with Admiral. So Admiral said the most it will pay in the event of a total loss is the market value of the car at the time of loss. It defines the term '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.”

I've looked at Admiral's engineer's total loss report. The settlement sum of £2,346.72 isn't supported by any examples of similar cars for sale, which we would expect to see when the motor trade guides are unavailable.

Mr F provided examples of similar cars for sale. They range widely due to the differences in mileage – and this is expected given the age of Mr F's car.

Our Investigator obtained a specialist valuation for Mr F's car. And he took into account the fact that Mr F's car was up for sale privately later last year for £9,995. Mr F says the seller

used photos he had taken of his car before it was stolen, which he has provided us with a copy of. They show Mr F's car to have been in good condition.

The specialist valuation for Mr F's car came to £6,300. This is broadly within the range of the advert examples Mr F provided. In response to the Investigator's view, Admiral provided one example of a car of the same make as Mr F's for £2,000.

From all of the available information, I don't think Admiral reached its valuation in a reasonable way. In this case, I think a fairer outcome is for Admiral to increase the market value settlement to match the specialist valuation of £6,300.

I've no doubt that Admiral's decision to pay the settlement it did has caused Mr F distress and inconvenience. For this I think Admiral should pay Mr F compensation of £250.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- Increase the total loss settlement to £6,300.
- Pay interest on the difference in the settlement from 21 days after the incident to the date it pays Mr F at a rate of 8% simple interest a year.
- Pay Mr F £250 compensation for the distress and inconvenience caused.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mr F accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr F how much it's taken off. It should also give Mr F a tax deduction certificate if he asks 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 Mr F to accept or reject my decision before 8 April 2025.

Geraldine Newbold
Ombudsman