

## **The complaint**

Mr O complains about the market value Admiral Insurance (Gibraltar) Limited placed on his car when settling a claim made under his motor insurance policy.

## **What happened**

Mr O had a motor insurance policy underwritten by Admiral. In August 2024, Mr O's car was damaged in an accident. It was eventually declared a total loss by Admiral.

Mr O is unhappy with Admiral's decision to deem the car a total loss, and with the valuation placed on the car. He says he is unable to replace the car with one of similar specifications with the settlement paid by Admiral.

In response to Mr O's complaint, Admiral maintained its decision to deem the car a total loss, and that the valuation placed on the car was fair. But it accepted it had communicated poorly during Mr O's claim, apologised, and offered £100 compensation.

Mr O remained unhappy with Admiral's position, so he approached the Financial Ombudsman Service.

When providing this service with its complaint file, Admiral acknowledged it had miscalculated Mr O's settlement amount by around £70. It offered to pay the increased settlement figure and increased its offer of compensation to £150.

An investigator considered the complaint and thought Admiral's improved settlement offer, and offer of compensation, were a fair way to resolve the complaint.

Mr B didn't agree. So, because no agreement has been reached, 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, while I appreciate it will likely come as a disappointment to Mr O, I've reached the same outcome as the investigator. I'll explain why.

### Valuation

The terms of Mr O's policy outline that in the event of a claim, the most Admiral will pay is the market value. Market value is defined in the policy 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.”*

Valuing a vehicle isn't an exact science. When considering disputes about vehicle valuations, as a starting point, we'd take into account what the different industry trade guides say the market valuation of a vehicle is. We'd also take into account any other available information. The guides we use as a starting point are CAP, Glass's, Autotrader and Percayso. And we'd typically consider the safest way to ensure a consumer receives the correct replacement cost (market value) is to make sure the insurer bases its settlement on the highest one. Or – if it doesn't – to make sure the insurer has provided sufficient evidence to demonstrate that a valuation lower than this is fair.

However, these motor trade guides are designed to focus on the volume market and so aren't always able to provide valuations for cars over a certain age. Mr O's car is over 20 years old, and this has meant that neither Admiral, nor this service, has been able to obtain market valuations from all the guides we typically use.

When assessing the value of Mr O's car, Admiral had it assessed by an independent engineer, on a desktop basis. The engineer's report I've seen explains how they reached the valuation figure of £4,894.50:

*“Vehicle does not appear on Glass's CAPs or Autotrader valuation portals. Market research carried out for valuation.*

*When placing a value on the vehicle we have utilised Open Market Research as this vehicle is either not valued using the recognised FOS guides themselves, or the market place advertisements strongly suggest that the guides themselves could be wrong. We have used 2 examples with the vehicles priced at £3999, £4600 to obtain a valuation, with the average mileage of these 2 vehicles being 82500. The average value equates to £4299.5. We have it recorded that the insured's mileage is 57086 and as such have applied a value adjustment equating to £595.00 in the retail value to reflect the mileage difference. This therefore means the Pre-Accident Value of the insured's vehicle factoring into account the adverts located, and the mileage equates to £4894.5 (sic).”*

The report includes evidence of the marketplace adverts used as part of the above calculations.

Mr O has provided a further 12 adverts from the AutoTrader website. These are for cars of the same model, but with varying age, condition, and mileage.

And when considering Mr O's complaint, the investigator was able to obtain a valuation from Percayso, the fourth motor trade guide we use when considering complaints of this nature, and which Admiral didn't use when assessing the value of Mr O's car. This guide returned a value of £5,092.

Taking everything into account, I find the engineer's report to be the most persuasive evidence as to the car's true market value. I say this because it was based on the expert opinion of a qualified engineer, and his review of the market, in the absence of the full range of valuations normally produced by the trade guides. I appreciate Mr O has highlighted other cars advertised for sale at higher prices, but as explained, the majority of these cars are from different registration years or vary in terms of mileage – which is likely to affect their advertised prices.

There was one comparable advert within Mr O's evidence for a car from the same registration year, with similar mileage and condition. This was advertised for sale at £9,495. But this advert, in isolation, doesn't persuade me that Admiral's valuation is incorrect or unfair. I say this because Admiral's valuation was also based on adverts of similar cars (one of which was very similar in terms of mileage, condition, and year) and the engineer's expertise. In addition, the valuation the engineer arrived at is supported by the one trade guide which did return a valuation – Admiral's offer working out to be around 96% of the guide price. So, in my view, the weight of the evidence supports that Admiral's valuation is a fairer reflection of the market value of the car, than the one higher advert supplied by Mr O.

Based on all the available evidence and arguments, in the specific circumstances of this complaint, I'm satisfied that Admiral has placed a fair market value on Mr O's car. It therefore follows that I won't be directing Admiral to increase the valuation.

### Total loss

Mr O is unhappy that Admiral made the decision to write off the car as being uneconomical to repair. He says the market valuation Admiral is relying on is only around £800 lower than a repair estimate he obtained from an independent garage. Based on this, even if he accepts Admiral's market valuation – which he doesn't as already explained above – Mr O feels the car is economical to repair.

The policy wording of Mr O's policy allows Admiral to decide how best to settle a claim. Terms like this are standard within the motor insurance industry:

*"What we will pay*

*We will decide how to settle your claim and will either:*

- pay to repair your car, or pay a cash sum to replace the damaged car or item. We may reduce the settlement, or ask you to contribute toward the repair costs, if the parts replaced were already worn or damaged or for audio/visual equipment that has been removed from your car.*

*A decision will be made based on the garage/engineer's recommendation."*

As with the market valuation, I've seen that Admiral based its decision on the opinions of a suitably qualified engineer. Admiral has explained that the engineers it uses are paid a flat fee which is agnostic of the outcome, to ensure their independence. And I've seen the engineer's report on the damage to the car which explains:

*"In considering the vehicles pre-incident value, together with its potential salvage value and with realising the potential costs of repairs we recommend this vehicle is treated on a total loss basis."*

While I can appreciate Mr O's desire to have his car repaired, and his view that it must be economical to repair given his repair estimate, I don't agree that Admiral has acted unfairly in relying on the opinion of its engineer, in line with the policy terms.

It's common practice within the insurance industry for cars to be deemed a total loss when the estimated cost of repairs exceeds 60% to 70% of the pre-accident market value. In this case, even relying on Mr O's repair estimate in place of Admiral's engineer's, the estimated repair costs significantly exceed 70% of the estimated market value – which I've explained above I think is fair. In addition to this, factors such as the level of damage and the car's age are taken into account when considering the economic viability of repairing the car. And here, Mr O's car is over 20 years old, and the damage from the accident was considered structural.

Taking all the above into account, I'm satisfied it was fair for Admiral to rely on the engineer's opinion and to declare the car a total loss. Should Mr O wish to retain and repair the car, he is able to do so by paying the salvage fee.

I understand there is a separate complaint about the salvage fee ongoing directly with Admiral, so I won't comment on that here. But should Mr O remain unhappy with the outcome of that complaint, he may be able to refer those issues to the Financial Ombudsman Service as a new complaint, subject to our normal rules and timescales.

### Service issues

Admiral has accepted responsibility for avoidable communication issues, and the miscalculation of the settlement initially offered to Mr O. It has apologised for the impact these errors had on Mr O and has offered £150 compensation.

I understand Mr O has spent a lot of time and effort dealing with his claim and pursuing his complaint, which has no doubt been both distressing and inconvenient. But I'm ultimately persuaded that Admiral's decision to declare the car a total loss, and its market valuation, are fair. So, it wouldn't be reasonable for me to conclude that all of the distress and inconvenience Mr O has experienced stems from something Admiral did wrong – rather it stems from the unfortunate event which damaged the car, and Mr O's disagreement with what I consider to be Admiral's fair market value.

That said, as explained above, there has been some poor claim handling and some avoidable errors which will have compounded Mr O's unavoidable frustrations. But taking into account the things Admiral did wrong, and the impact those errors have had, in isolation, I think the compensation Admiral has offered is fair. This amount is in line with what I would have awarded had Admiral not already made an offer. So, while I acknowledge there were several failings on Admiral's part, I ultimately think it has done enough to fairly put things right.

### **My final decision**

Admiral Insurance (Gibraltar) Limited has made an offer to increase the valuation placed on Mr O's car to £4,894.50 and to pay £150 compensation for the distress and inconvenience it has caused him. And I think this offer is fair in all the circumstances.

So, my decision is that Admiral Insurance (Gibraltar) Limited should settle the complaint in line with this offer – if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 7 April 2025.

Adam Golding  
**Ombudsman**

