The complaint

Mr B complains about the amount Admiral Insurance (Gibraltar) Limited paid him for a claim he made on his motor insurance policy after his car was declared a total loss.

Reference to Admiral includes its agents.

What happened

Mr B holds a motor insurance policy with Admiral. When his vehicle was stolen he made a claim for the loss.

Admiral accepted the claim and agreed to settle it by paying Mr B the market value of his car at the time of loss. Admiral thought the market value of Mr B's car was £17,996.33. It said it used the available valuation guides to reach that figure.

Mr B didn't think that was fair. He said he only purchased the car about a month before the theft. He said he paid £20,000 for it and said the car had a number of optional extras on it.

Admiral didn't change its stance, so Mr B brought his complaint to us.

Our Investigator recommended the complaint be upheld. She didn't think Admiral's valuation of Mr B's car was in line with our approach. She thought Mr B had provided adverts supporting the car was worth what he paid for it a month earlier. She recommended Admiral settle the claim on the basis that Mr B's car's market value was £20,000 – which was slightly higher than highest valuation produced by the guides (£19,526)

Mr B agreed to this assessment. Admiral didn't and asked for an Ombudsman's decision. It said it would pay the highest guide valuation, but no more than that. It said the adverts provided showed the car could be purchased for £19,526.

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'm upholding it. I'll explain why.

Mr B's policy with Admiral says the most it will pay for any claim is the market value of the vehicle. It defines that as *"the cost of replacing the car with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss of happened."*

We've an established approach on what we look at when determining whether an insurer has offered a fair market value. An approach Admiral is aware of.

Our approach, to avoid potential detriment, is that where an insurer considers the vehicle's market value to be less than the highest valuation returned from the guides we use, and have used for some time, it needs to evidence that valuation is fair by providing supporting evidence.

Admiral didn't do that here.

Admiral used three guides and used the average of those guides. It didn't provide any supporting evidence to show why this figure, not the highest guide value it obtained (£18,816), was a fair market value.

This is especially disappointing given Mr B purchased the vehicle a month prior to the loss, for £20,000 and Admiral's duty to avoid foreseeable harm.

Our investigator returned a fourth guide value - £19,526. This is the starting point of where I think Mr B's car should be valued. Mr B also provided adverts for similar cars for sale. The price on these adverts ranges from £19,200 to £22,500.

Strictly speaking, I agree with Admiral that these adverts support the highest guide valuation. They're not persuasive enough to show that £19,526 valuation is unfair – because while some are for sale for more, they actually support that Mr B could replace his car for £19,526. So I'm satisfied a fair market value is more likely £19,526.

Admiral's handling of this claim and complaint has been disappointing. I say this because Admiral's first valuation was below two of the guides it ran. It was over £800 below the highest of those guides. No supporting evidence was provided to justify that. Admiral came to that valuation, or at the very least didn't uphold a complaint about it, knowing Mr B purchased the car for £20,000 a month prior. It's first valuation is therefore over £2,000 lower than what Mr B purchased the car for and over £1,500 from the value it now agrees is fair.

So, when considering what's fair and reasonable, I think compensation is due for the impact this has had on Mr B. As mentioned, under the Consumer Duty, Admiral has a duty to avoid causing its customers foreseeable harm. I consider it's failed in that duty here. And in doing so has caused avoidable distress and inconvenience to Mr B in terms of having his claim being under settled and having to pursue this matter. I consider a reasonable amount to be £300.

My final decision

For the reasons set out above, I uphold this complaint. Admiral therefore needs to:

- Pay Mr B £1,529.67. This represents the difference between the market value being £17,996.33 and the market value being £19,526. Interest should be added to this payment at a rate of 8% per annum. Interest should be calculated from the date it paid Mr B's claim, to the date it makes this payment.

- Pay Mr B £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 April 2025.

Joe Thornley
Ombudsman