DRN-5448621

The complaint

Ms A and Mr C complain that Admiral Insurance (Gibraltar) Limited mishandled a claim on a motor insurance policy.

What happened

The subject matter of the insurance, the claim and the complaint is a car, made by a premium-brand car-maker with a powerful engine and four-wheel drive. It was first registered in 2014.

For the year from late February 2024, Ms A had the car insured on a comprehensive policy with Admiral. The policy covered her as the policyholder and Mr C as a named driver. Ms A agreed to pay the yearly cost of about £1,600.00 by instalments. Any claim for theft was subject to an excess of £350.00.

Mr C reported that on 11 July 2024, armed perpetrators had taken the car in a "carjacking".

By early August 2024, Mr C had complained to Admiral that it was responsible for delay and unfair treatment.

By a final response dated 2 August 2024, Admiral said that the claim was within normal timescale. However, Admiral apologised that on 29 July 2024, it had told Mr C the incident was an attempted theft. Admiral said it was sending Mr C £75.00 compensation for any distress and inconvenience caused.

By mid-August 2024, police had recovered the car with some damage.

By early September 2024, Admiral had got an assessor to inspect the car.

By 19 September 2024, Mr C had complained to Admiral that it was responsible for poor call-handling, delay and unfairly appointing an investigator.

By a final response dated 23 September 2024, Admiral said that the claim was undergoing a process of validation. However Admiral apologised for the incorrect transfer of a call and for the upset caused. Admiral said it was sending Mr C a further £75.00 compensation.

On about 23 October 2024, Admiral paid Ms A as follows:

Vehicle Market Value	£14,245.50
Deductions	
Excess	£ 350.00
Outstanding Premium	£ 896.85
Amount Payable	£12,998.65

Ms A and Mr C brought their complaint to us in late October 2024. They added a complaint that Admiral had incorrectly under-valued the car.

On about 6 November 2024, Mr C had a telephone conversation with Admiral.

By early December 2024, Mr C had complained to Admiral that it was responsible for poor service.

By a final response dated about 5 December 2024, Admiral said that it had valued the car fairly. However Admiral apologised for poor treatment and for the handling of the call on 6 November 2024. Admiral said it was sending Mr C a further £150.00 compensation plus £20.00 call costs.

our investigator's opinion

Our investigator recommended that the complaint should be upheld in part. She found trade guide valuations as follows:

Glass's	£13,720.00
Auto Trader	£16,412.00

She also found thirteen advertisements with an average price of £15,477.92. She thought that £15,477.92 was more appropriate in these circumstances. She recommended that Admiral should:

1. increase the car value to £15,477.92 (less any applicable deductions); and

2. pay 8% simple interest a year on the difference amount from the date the original settlement was offered to the date the amount is paid to Ms A and Mr C.

Ms A accepted the investigator's opinion.

Admiral disagreed with the investigator's opinion. It asked for an ombudsman to review the complaint.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Ms A and Mr C and to Admiral on 18 March 2025. I summarise my findings:

> I wasn't minded to find it fair and reasonable to direct Admiral to pay any further compensation.
>
> I was minded that the fairest valuation is the highest trade guide valuation - £16,412.00.
>
> That's an increase of £2,166.50 compared to the valuation of £14,245.50. And I was minded that Admiral should've paid Ms A no later than 23 October 2024. So I was minded to direct Admiral to pay interest on that increase from that date at our usual rate.

Subject to any further information either from Ms A or Mr C or from Admiral, my provisional decision was to uphold this complaint in part. I intended to direct Admiral Insurance (Gibraltar) Limited to:

1. settle Ms A's claim based on a market valuation of £16,412.00 for the car; and

2. pay Ms A simple interest on £2,166.50 at a yearly rate of 8% from 23 October 2024 to the date of payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Ms A how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Neither Ms A and Mr C nor Admiral has provided any further information in response to the provisional decision. So I see no reason to change my view.

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.

Service

Admiral was entitled to investigate the claim, including by contacting police and by appointing an investigator to do an interview. Such investigation was bound to take some time. And the recovery of the car meant that Admiral had to arrange inspection. I don't find that Admiral was responsible for any delay or unfair treatment of Ms A or Mr C in such investigation.

Also, we would expect an insurer to make an interim payment pending resolution of any dispute about valuation. So I don't consider that Admiral treated Ms A or Mr C unfairly by paying £12,998.65 without their agreement.

From my review of the file, I'm satisfied that Admiral apologised and paid compensation for each of the times when there were shortcomings in its service. That included the inappropriate comments on 29 July 2024, the incorrect call transfer and the ending of the call on 6 November 2024.

I've thought about the extra distress and inconvenience these shortcomings caused Ms A and Mr C at an already difficult time for them. I'm satisfied that in total, Admiral has paid compensation to Ms A and Mr C in line with the amount that I would otherwise have found it fair to direct it to pay for such distress and inconvenience. So I don't find it fair and reasonable to direct Admiral to pay any further compensation.

Valuation

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.

I've noted the make, model, age, recorded mileage and other details of the car. I'm satisfied that Admiral's assessor used the correct details.

The assessor said the following:

> "*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 £13550, £15665 to obtain a valuation, with the average mileage of these 2 vehicles being 63471. The average value equates to £14607.5. We have it recorded that the insured's mileage is 68232 and as such have applied a value adjustment equating to -£362.00 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 £14245.5"

However, "*the recognised FOS guides*" include Glass's, CAP and Auto Trader and Admiral's most recent final response included the following:

"…*we primarily use three guides which are recognized by the motor industry, courts and Insurance Regulatory Bodies being Glass's, CAP, and the Autotrader Guide*"

Our investigator found that Glass's and Auto Trader both valued the car. So I don't accept that the reason Admiral's assessor used "*Open Market Research*" was because there were no such guide valuations.

Rather, Admiral's assessor must've used "*Open Market Research*" because he thought that the adverts suggested that the guides were wrong. However, the assessor only relied on two adverts. That was a couple of months after the date of the incident. So the counter effects of depreciation and general price inflation make the advertised prices less reliable.

Each of the two adverts was for a car with the earlier registration plate of "14" compared to Ms A's later "64" plate. Nevertheless, the adverts each stated a milage of about 63,000. So they had about 5,000 miles less compared to Ms A's car. The assessor took the average of the two advertised prices and then deducted about £360.00 as a mileage adjustment, to reach his figure of £14,245.50.

Both the trade guides and the advertisements showed a range of over £2,000.00. I don't accept that the two advertisements show that the guides were incorrect. So I don't consider that Admiral has provided enough evidence to show that Ms A and Mr C could've replaced the car for £14,245.50.

Rather, compared to the two advertisements, I find the trade guides more reliable as they are based on a wider base of research. Further, the trade guides contain adjustments for the recorded mileage.

Our investigator found thirteen advertisements. However, that was several months after the date of the incident. So again, the counter effects of depreciation and general price inflation make the advertised prices less reliable.

Further, Admiral is correct to point out that many of the thirteen adverts were for a later 2015 car compared to Ms A's earlier 2014 model. So I conclude that an average isn't the fairest value.

Rather, keeping in mind the range of the valuations and to avoid any detriment to Ms A and Mr C. I consider that the fairest valuation is the highest trade guide valuation - £16,412.00.

Putting things right

So I will direct Admiral to settle Ms A's claim based on a market valuation of £16,412.00 for the car.

That's an increase of £2,166.50 compared to the valuation of £14,245.50. And I consider that Admiral should've paid Ms A no later than 23 October 2024. So I will direct Admiral to pay interest on that increase from that date at our usual rate.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance (Gibraltar) Limited to:

1. settle Ms A's claim based on a market valuation of £16,412.00 for the car; and

2. pay Ms A simple interest on £2,166.50 at a yearly rate of 8% from 23 October 2024 to the date of payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Ms A how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A and Mr C to accept or reject my decision before 1 May 2025.
Christopher Gilbert
Ombudsman