The complaint

Mr C complains that Admiral Insurance (Gibraltar) Limited settled his motor insurance claim unfairly.

What happened

In October 2024 Mr C bought a car in a private sale for £7,500. He insured it with Admiral. Around two months later Mr C was in an accident. Admiral deemed his car to be a total loss. It said the pre-accident market value of Mr C's car was £2,700. Mr C didn't think that valuation was fair.

Admiral looked again at its valuation and increased the sum to £2,727.50. It paid Mr C the difference along with £0.06 interest. It also paid Mr C £50 to recognise the distress and inconvenience its undervaluation had caused him.

Mr C remained unhappy with Admiral's valuation and brought his complaint to the Financial Ombudsman Service. One of our Investigators looked into it. He noted that Admiral had used two trade guides to value Mr C's car which had returned valuations of £2,830 and £2,625. But the Investigator also obtained a valuation from a third guide, Percayso, which provided a valuation of £5,347. He didn't think Admiral had demonstrated that Mr C could replace his car with the sum of £2,727.50. So the Investigator recommended it should: increase the claim settlement to £5,347; pay interest on the difference in the settlements; and make a further compensation payment to Mr C of £150.

Mr C accepted our Investigator's assessment of the complaint. Admiral didn't, so it's been passed to me to determine.

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.

Mr C's policy says that in the event that his car was a total loss the most Admiral would pay to settle the claim would be the car's market value. It defines 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.*"

So I've considered if Admiral's offer to settle Mr C's claim is fair and in line with these terms.

When looking into these types of complaints we check trade guides, adverts and other relevant evidence. We generally find the guides most persuasive as they're based on nationwide research of likely selling prices. So they're often more reliable than individual adverts. But as I've said we do consider other evidence. And I've considered if Admiral's offer to settle Mr C's claim is fair and in line with our approach.

Given the competitive market for second-hand vehicle sales, and to minimise the risk of detriment to the policyholder, the Financial Ombudsman Service feels it's fair to rely on the highest valuation returned by the trade guides. That is unless there's persuasive evidence, for example from adverts or independent reports, that another value is fair and reasonable.

Admiral doesn't think the value of £5,347 is fair. It said that this is an outlier given that it is so much higher than the valuations given but the other two guides it referred to. It also said that the sum wasn't supported by adverts. But I have to disagree. In support of its valuation Percayso lists the cars advertised for sale on which it based its valuation. And, in this case I can see that's based on four cars that were advertised around the time of the valuation. I've set out those details below, including details for Mr C's car for comparison:

Car	Mileage	Year	Advertised price (£)
Mr C's car	123,230	2005	N/A
Car A	110,000	2005	7,495
Car B	61,833	2005	4,250
Car C	75,100	2006	7,995
Car D	122,999	2004	3,000

I accept that there is fluctuation on the advertised price between the adverts. It's generally accepted that the higher the mileage on a car, and the older it is, the more likely it is that the advertised price would be lower than other cars advertised of a similar make and model.

I think advert D is closest in mileage to Mr C's car, but is also an older car. Advert A shares the same year of registration as Mr C's car. Although the mileage on the car from advert A car is lower than Mr C's car, the advertised price is much higher than any of the values returned from the guides. Having considered this evidence, although I note the differences between these adverts and Mr C's car, I'm persuaded that overall the Percayso valuation fairly reflects the cars that were advertised around the time of the valuation. In contrast, I haven't seen any evidence to support Admiral's valuation of £2,727.50.

Further, I've looked myself at recent adverts for similar cars. I appreciate that the pricing for second hand cars can be subject to fluctuations over time and we are now around five months since Mr C made his claim. But even allowing for some fluctuation I think the adverts I've seen show that the valuation Percayso provided is likely to be fair. I've set out the details of the cars I've seen advertised below:

Car	Mileage	Year	Advertised price (£)
Mr C's car	123,230	2005	N/A
Car 1	120,000	2005	4,495
Car 2	44,000	2006	11,995
Car 3	120,246	2004	3,995

So having considered all the evidence here it would seem that there is some significant variance between the advertised prices for such cars. But I've seen nothing that supports Admiral's view that Mr C would be able to replace his car with a sum of £2,727.50. But, he should be able to do so with the sum of £5,347. So I do think that valuation is fair and reasonable and is not an 'outlier' which should be disregarded.

It follows that I don't think Admiral settled Mr C's claim fairly. It initially settled the claim for a sum which, while obtained from the trade guides, wasn't supported by other evidence and in the knowledge that Mr C valued his car considerably higher. I understand that has been a significant source of frustration, distress and inconvenience for Mr C that he wouldn't have suffered if Admiral had settled the claim fairly. To address that I think it should pay him additional compensation of £150.

Putting things right

Admiral must take the following action:

- Settle Mr C's motor insurance claim based on a market valuation for his car of £5,347 minus the policy excess. It should pay the shortfall between the sum already paid to Mr C in December 2024 and the final settlement amount.
- Add interest to the sum it pays to Mr C for the shortfall. It should calculate the interest from the date it initially settled the claim up to the date of payment, less any interest already paid. The rate of interest is 8% simple a year[1].
- Pay Mr C £150 compensation to address his distress and inconvenience.

My final decision

For the reasons given above I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to take the steps set out under the heading 'putting things right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 June 2025.

Joe Scott
Ombudsman

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[1] If Admiral considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr C how much it has taken off. It should also give Mr C a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.