

The complaint

Miss O complains about the settlement of her motor insurance claim by Admiral Insurance (Gibraltar) Limited.

What happened

The following is intended only as a summary of events. Additionally, for the sake of simplicity, I have largely just referred to Miss O and Admiral even where other parties have been involved.

Miss O had a motor insurance policy underwritten by Admiral. In October 2024, Miss O was involved in an accident. Having assessed the vehicle, Admiral considered it a total loss. It valued the vehicle as having a market value of around £12,500. Miss O was unhappy with this valuation and brought her complaint to the Financial Ombudsman Service.

Our Investigator did not think Admiral had shown that it had reached a fair and reasonable valuation. With reference to industry guides, he thought a fair valuation was £17,157.60. And he recommended Admiral pay this to settle the claim, and add interest to the increased settlement amount.

Admiral did not agree with this, although it did increase the amount it was willing to pay to £15,187.20. As our Investigator was unable to resolve this complaint, it has been passed to me for a decision.

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 have come to the same conclusion as our Investigator. I've explained why below.

The terms and conditions of Miss O's policy say that if Admiral deem her vehicle a total loss, it will pay her the 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...”

Admiral has already agreed that the original valuation – and methodology used to reach this – were incorrect. Rather than focus on this, I have focussed this decision on the more recent valuation reached.

The Financial Ombudsman Service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this our starting point is usually to use relevant industry guides. I usually find these persuasive as they're based on nationwide research of sales prices.

The four valuation guides the Financial Ombudsman uses were all able to value Miss O's

vehicle. The values given were £12,114, £13,495.20, £16,594.80 and £17,157.60. These amounts include VAT, which Miss O would be required to pay.

Admiral's recent valuation is based on an average of the middle two of these values. Admiral said that the lower valuation was out of line with the other two values. It does not appear to have taken into account the higher valuation at all. It may be that Admiral does not have access to the guide that produced this higher price, but Admiral's offer was made subsequent to our Investigator having provided a copy of the results from this guide. Admiral has offered no explanation for having seemingly discounted this valuation.

The values provided do cover something of a range. But I do not consider any of them to be overly out of sync with the others. I am not persuaded that it is appropriate to base the valuation on an average of these values either though. Admiral has not provided me with evidence that persuades me that the highest value from these guides is not a fair and reasonable valuation of the market value of Miss O's vehicle.

When referring to the original valuation Admiral reached, it said the industry guides either did not produce a valuation for Miss O's vehicle, or that market place adverts suggest the guides could be wrong. The guides clearly produced valuations, so Admiral must be relying on the second of these points.

Admiral did previously provide some adverts of similar models to Miss O's vehicle. There were though some significant differences between these and Miss O's vehicle, including the difference in mileage. So, I do not think these represent a good comparison. Show that the industry guides are likely to be wrong. Or demonstrate what the appropriate market value of Miss O's vehicle would have been at the time of loss. And Admiral has not provided any methodology for how these adverts could accurately be used to produce a valuation for Miss O's vehicle. So, I am not persuaded that the fair and reasonable valuation of Miss O's vehicle is not that produced by the higher guide price above.

It follows that I do not consider Admiral's valuations – either the original or more recent – were fair and reasonable. And so Admiral should settle the claim based on the higher valuation.

Putting things right

Admiral Insurance (Gibraltar) Limited should put things right by settling Miss O's claim based on her vehicle having a market value of £17,157.60.

Admiral can deduct any sum already paid to Miss O in settlement of the claim. But should then add interest to the difference, to take into account the fact Miss O has been without money she otherwise would have had.

The interest should be calculated at a rate of 8% simple, from 19 November 2024 – when Admiral provided the original valuation to Miss O – to the date this complaint is settled.

My final decision

My final decision is that I uphold this complaint. Admiral Insurance (Gibraltar) Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 18 August 2025.

Sam Thomas
Ombudsman