

The complaint

Miss W complains about how Admiral Insurance (Gibraltar) Limited dealt with a claim against her motor insurance policy. Reference to Admiral includes its agents.

What happened

Miss W had a motor insurance policy underwritten by Admiral. Miss W's car was stolen and she made a claim against her policy. Admiral valued Miss W's car at £15,368 and paid her that amount, less the excess due under the policy. Admiral's valuation of £15,368 was the average of three valuations it obtained. Miss W didn't think Admiral's valuation was fair. Admiral maintained its position in relation to the value of Miss W's car but paid her compensation of £75 in relation to service issues. Miss W pursued her complaint.

One of our Investigators looked at what had happened. He completed checks on valuation guides and obtained values of £19,251, £15,774, £15,395 and £14,690. The Investigator said we expect an insurer to use the highest valuation available when assessing the market value of a car, unless there's evidence to support using a lower figure. He didn't agree there were grounds for Admiral to use an average of the three valuations it obtained. The Investigator thought it was fair and reasonable to rely on the highest valuation figure of £19,251. He recommended that Admiral pay Miss W the balance of £3,883 and interest.

Admiral didn't agree with the Investigator. It said we shouldn't rely on the highest valuation of £19,251, as it's an outlier whilst the other three valuations are within a similar range. Admiral said adverts for the sale of similar cars showed one for sale at £19,990 but it had significantly lower mileage than Miss W's car. It said this shows Miss W's car would sell for less than the highest valuation of £19,251.

The Investigator considered what Admiral said but didn't change his view. He said there wasn't sufficient evidence to disregard the highest valuation of £19,251. The Investigator didn't think Admiral's reference to an advert for the sale of a similar car with a lower mileage than Miss W's car was persuasive. The Investigator referred to other examples of sales adverts for cars of similar mileage as Miss W's car that supported the highest valuation of £19,251.

Admiral asked that an ombudsman consider the complaint, so it was 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.

The relevant rules and industry guidance say that Admiral has a responsibility to handle claims promptly and fairly. I uphold Miss W's complaint and I'll explain why:

The starting point is the terms and conditions of the policy. Miss W's policy provides cover for the loss of her car as a result of theft and says the most Admiral will pay is the '**market value**' of the car. '**Market value**' is defined 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.'*

This service's role isn't to work out the exact value of Miss W's car. We look at whether Admiral has applied the terms of a policy correctly and valued the car fairly.

Admiral has provided this service with three valuations from valuation guides: £15,814, £15,600 and £14,690. It's standard practice for insurers to use valuation guides to work out the estimated market value of a car. I don't think it's unreasonable to do so. The guides use nationwide data and take into account all the factors Admiral set out in its definition of market value - make, model, age, mileage and condition - to estimate a value for a specific car. Admiral valued Miss W's car at £15,368, which is the average of the three valuations it obtained.

In accordance with our usual approach in complaints like this, our Investigator completed checks on valuation guides and received values of £19,251, £15,774, £15,395 and £14,690.

I don't think Admiral acted fairly in valuing Miss W's car at £15,368. We generally say that to avoid the risk of detriment to a customer, an insurer should use the highest valuation, unless it would be unfair to do so.

Our Investigator obtained a valuation of £19,251 from a guide which Admiral hadn't used. This valuation is higher than the valuations Admiral relied on. Admiral says we should disregard the highest valuation because it's an outlier. It has referred to an advert for the sale of a car at £19,990 which is like Miss W's car but with significantly lower mileage. It said this shows Miss W's car would sell for less than the highest valuation of £19,251. I'm not persuaded by Admiral's argument. As the Investigator said, other adverts show cars like Miss W's car with similar mileage to her car for sale at prices which indicate the highest valuation of £19,251 is fair.

I'm aware of no reason why Admiral couldn't have obtained its own valuation from the guide the Investigator used but which Admiral didn't use. I've seen nothing to show the highest valuation of £19,251 should be disregarded. I don't think Admiral has provided enough here to show why it wouldn't be fair to use the £19,251 valuation which is based on the highest valuation from the motor valuations guides and why its £15,368 valuation would be fairer to use instead.

Putting things right

In order to put things right, Admiral should pay Miss W an additional £3,883 to bring the total loss settlement amount in line with the highest valuation of £19,251 and apply 8% simple interest per year to this payment, calculated from the date the original total loss offer was made, to the date of settlement.

If Admiral considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss W how much it's taken off. It should also give Miss W a tax

deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs, if appropriate.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 8 July 2025.

Louise Povey

Ombudsman