

The complaint

Mr M complains about the amount Admiral Insurance (Gibraltar) Limited ('Admiral') paid for the total loss of his car following a claim made on his car insurance policy.

What happened

In November 2024 Mr M made a claim on his car insurance policy after his car suffered damage. Admiral reviewed the claim and deemed Mr M's car to be a total loss. After checking motor valuation guides, Admiral paid Mr M a total loss settlement of £13,731.50.

Mr M didn't think this was a fair valuation, so he made a complaint. Admiral provided a final response to this complaint on 9 January 2024, but it didn't agree it had unfairly valued the car and it said it had valued the car using an estimated lower mileage than the car's actual mileage, which would have resulted in a more favourable total loss settlement for Mr M.

Dissatisfied with this response, Mr M brought his complaint to us. Our investigator didn't find Admiral had fairly valued the car. She said she had checked four motor valuation guides using the correct mileage of 68,870 instead of the estimated mileage of 66,491 which Admiral had used and thought these showed Admiral hadn't fairly valued the car – particularly since one of the guides allowed optional extras which Mr M had on the car to be included which increased the valuation that guide produced by £850 from £13,195 to £14,045.

And since the investigator didn't think Admiral had shown why it was fair for it to use an average instead of the highest valuation produced by the guides, she said it should increase its total loss settlement to match the highest valuation of £14,045 and that it should add interest to this additional payment.

Admiral didn't agree. It said it wouldn't revalue the vehicle due to differences in the guides, and it was satisfied the estimated mileage it used already made the settlement work out more favourably for Mr M. It also said it didn't think adverts Mr M had provided were a good comparison as these were for newer vehicles than his own.

Because Admiral didn't agree, the complaint was referred 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.

Having done so, I've decided to uphold this complaint. I'll explain why.

I should start by saying it isn't the role of this service to work out what the exact value of a vehicle is. We instead look at whether the insurer has applied the terms of the policy correctly and valued the vehicle fairly.

The terms of Mr M's policy say that Admiral will settle a claim either by paying to repair the vehicle or paying a cash sum to replace the vehicle. And that in the event a cash sum is paid, the most it will pay is the market value of the car which the terms define as the cost to replace the vehicle with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened. This is consistent with how car insurance policies typically settle a total loss claim.

Admiral said its valuation of £13,731.50 was based on an average of the two highest guide valuations it obtained of £13,670 and £13,793 and that it used an estimated mileage instead of the actual mileage when obtaining these valuations, which it believed would have worked out more favourably for Mr M than had the actual mileage been used.

Our investigator checked four different guides and obtained valuations of £13,875, £13,670, £13,596 and £13,195 using the actual mileage for the car rather than the estimated mileage Admiral had used. Adding the optional extras Mr M had on the car on to one of the guides increased the valuation on that guide from £13,195 to £14,045.

Unless it can be shown that it would be unfair for it to do so, it's good industry practice for insurers to use the highest valuation rather than an average. This is to avoid the risk of detriment to a consumer in not receiving a fair market value for their car.

I acknowledge Admiral's comment that using the estimated mileage rather than the actual mileage was more favourable to Mr M for the value of his car. But, even with the actual mileage being used, the highest valuation our investigator found from the guides was still £313.50 more than Admiral's total loss settlement. And I don't think Admiral has shown why it would be fair to disregard this valuation, particularly since it expressly included the optional extras Mr M had on his car and hence avoided the risk of these extras not being recognised within the total loss valuation.

Given that Admiral hasn't shown why it would be unfair to use this higher valuation, and the risk present of the optional extras in the car not being accounted for if a lower valuation is used, I'm not persuaded Admiral has shown there isn't a risk of detriment to Mr M in not receiving a fair market value if the total loss settlement remains at the lower amount Admiral paid based on an average.

Mr M has provided some examples of adverts of cars similar to his for sale. These range in value from £15,490 to £15,990. But given these are for newer cars than Mr M's, I don't think there are a good comparison, so I'm not persuaded they justify an increase in the valuation.

So, having considered the evidence provided by Admiral and Mr M, I've decided to uphold this complaint because I don't find Admiral fairly valued the car.

Putting things right

I require Admiral to pay Mr M an additional £313.50 to bring its total loss settlement up to the highest valuation of £14,045. Admiral should also add eight percent simple interest per year to this additional payment calculated from the date the total loss settlement was originally paid, to the date the additional payment is made.

If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint and I require Admiral Insurance (Gibraltar) Limited to carry out what I've set out in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 August 2025.

Daniel Tinkler
Ombudsman