

The complaint

Mr B complains about how his insurer, Admiral Insurance (Gibraltar) Limited (Admiral) valued his vehicle as a total loss following an accident.

Any reference to Admiral in this decision includes their agents.

Mr B was supported by a representative when bringing his complaint to this Service. References to Mr B include his representative.

What happened

In October 2024 Mr B's vehicle was involved in an accident, a collision with another vehicle. The police attended but took no action against either driver. Mr B contacted Admiral to tell them about the accident and they arranged for recovery of his vehicle from the scene of the accident as the damage indicated it would likely be a total loss. From the circumstances of the accident, Admiral told Mr B he would be held responsible for the accident (the other driver was also insured by Admiral).

Admiral contacted Mr B the day after the accident to discuss the process for assessing his vehicle as a total loss. He said he was told the Admiral Valuation Team would contact him with a settlement offer. The offer would be based on valuations from three recognised industry valuation guides, using the 'top book' valuation from the guides. However, Admiral subsequently made an offer a couple of days later that only reflected valuations from two of the three guides, as the third didn't provide a valuation. The valuation offer (£3,062.50 less the policy excess of £550) made to Mr B was based on the average of the valuations from the two other guides (£2,975 and £3,150).

However, Mr B didn't think the offer was sufficient for him to enable him to replace his vehicle with a like-for-like equivalent vehicle (he had seen a potential replacement advertised at around £3,600). Nor did he think it fair Admiral had discounted the higher valuation figure from the third valuation guide. Mr B challenged Admiral's valuation, which they treated as a complaint.

Admiral didn't uphold the complaint. In their final response, issued in October 2024, Admiral said their approach to valuation was primarily based on three recognised industry valuation guides. Having reviewed the valuation guide figures based on Mr B's vehicle details, Admiral confirmed their valuation of £3,062.50. So, they wouldn't be increasing their settlement.

Mr B then complained to this Service. He was unhappy at the valuation of his vehicle, saying it was too low. He'd been affected financially and emotionally from what had happened. Our investigator upheld the complaint, concluding Admiral hadn't acted fairly. He reviewed the available industry guide valuations, which ranged up to £4,014 (no valuation was provided by one of the guides as Mr B's vehicle was registered more than 15 years previously). The investigator noted the guides ranged considerably between the lowest and highest, but Admiral's offer was towards the lower of the range. And they hadn't shown why this was fair and reasonable, or that Mr B could replace his vehicle with one similar for the amount they'd offered. As Admiral hadn't produced any evidence to support the highest

valuation was inappropriate, the investigator thought a more appropriate fair market valuation would be £4,014.

To put things right, the investigator thought Admiral should increase their offer by £951.50 (being the difference between £4,014 and their offer of £3,062.50) and pay interest on the increase from the date the settlement was made to the date they paid the additional amount to Mr B.

Admiral disagreed with the investigator's view and asked that an ombudsman review the complaint. They noted the two guides they'd used produced similar valuations, but the guide producing the valuation of £4,014 was substantially higher, which they thought meant it was an outlier (so should be discounted). The other guide didn't return a valuation, and their further research didn't produce any comparable vehicles to that of Mr B. They accepted there were no adverts to support their valuation, but equally this meant there were none to indicate their valuation was unfair.

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.

My role here is to decide whether Admiral has acted fairly towards Mr B.

The key issue in Mr B's complaint is the valuation of his vehicle. He says Admiral's valuation isn't sufficient to purchase an equivalent replacement vehicle, thinking the market value of his vehicle significantly higher. Admiral say their valuation is fair.

Turning to how Admiral calculated their settlement valuation, I've first looked at what the policy provides for. In cases of total loss, the policy provides for the market value of the vehicle to be paid. Market value is defined in the policy as:

"The cost of replacing your vehicle; with one of 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. The value is based on research from industry recognised motor trade guides."

As a Service, our approach to vehicle valuations starts by looking at an insurer's valuation, which we generally expect to be based on relevant industry valuation guides. We'd expect an insurer's valuation to be based on the highest valuation guide figure (or higher). If it was, then we are likely to say it's fair, unless there's other evidence to say this is unfair (and an insurer can evidence their offer is fair when it's lower than the highest guide value).

Turning to the industry valuation guides, I've looked at the valuations for Mr B's vehicle from Admiral. From what I've seen, their valuation was based on the average of valuations from two recognised industry valuation guides, using an estimated mileage for Mr B's vehicle at the time of the theft. The third recognised industry valuation guide they would also use in their valuation approach didn't return a valuation as Mr B's vehicle was more than 15 years old at the time of the accident.

(A) £2,975 (Retail Top Book)

(B) £3,150 (Retail Top Book)

Admiral took the average of the two figures to arrive at their settlement offer (£3,062.50 less the policy excess of £550 to give a net valuation of £2,512.50).

Having established how Admiral arrived at their valuations, I've then looked at the valuations for Mr B's vehicle from the four recognised industry valuation guides used by this Service. The valuations were based on the registration details of Mr B's vehicle and mileage at the time of the accident. Two of the four guides – (A) and (B) – were the guides used by Admiral in their initial valuation. And a third was the same guide that didn't provide a valuation due to the age of Mr B's vehicle. So, the three valuation figures were as follows:

- (A) £2,975 (Retail Transacted)
- (B) £3,125 (Retail Transacted)
- (C) £4,014 (Market Value)

The first two valuations are the same or very nearly the same as those provided by Admiral. The third is obviously significantly higher, which is the basis for Admiral arguing it is an outlier and should therefore be discounted.

However, I don't agree. As I've said, we'd expect Admiral's valuation to be based on (or close to) the highest valuation guide figure (or higher). Unless there is other evidence to say this is unfair. Admiral have produced no evidence to show the guide valuation is unfair, other than it being significantly higher. Nor have they produced any example vehicles similar to Mr B's vehicle advertised for sale to support their valuation. Equally the absence of advertised vehicles for sale doesn't provide evidence the higher valuation is unfair.

What I've also noted is that the valuation from the guide producing the higher valuation includes seven examples of vehicles similar to Mr B's vehicle. They range from £2,195 up to £3,999. However, the vehicle mileages are all higher than that of Mr B's vehicle (they range from 64,000 miles to 150,000 miles. Whereas Mr B's vehicle had a significantly lower mileage (42,000 miles). The two vehicles advertised at the highest values (£3,850 and £3,999 had mileages of 64,000 miles and 78,000 miles respectively. So, given the relatively low mileage of Mr B's vehicle, this is consistent with the valuation of £4,014.

So, I've concluded the higher valuation figure is fair and reasonable and supported by evidence of similar vehicles advertised for sale.

Taking all these points together, I've concluded that a fair and reasonable valuation for Mr B's vehicle would be £4,014 – meaning that Admiral's valuation of £3,062.50 isn't fair and reasonable.

To put things right, Admiral should pay the difference between their settlement valuation (£3,062.50) and the highest valuation guide figure of £4,014 (£951.50). They should also pay interest, at a rate of 8% simple, on the difference from the date they paid their settlement to the date they pay Mr B the additional amount.

My final decision

For the reasons set out above, my final decision is that I uphold Mr B's complaint. I require Admiral Insurance (Gibraltar) Limited to:

- Pay Mr B the £951.50 difference between their settlement valuation of £3,062.50 and the highest valuation guide figure of £4,014.
- Pay interest on the £951.50 from the date they paid their settlement to the date they pay Mr B the additional amount.

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

Paul King
Ombudsman