DRN-5616088

The complaint

Mr P complains that Admiral Insurance (Gibraltar) Limited undervalued his car when it settled a claim on his motor insurance policy.

What happened

Mr P's car was damaged in an accident. He claimed on his policy. Admiral decided the car was a total loss. It said that the pre accident value of Mr P's car, before making deductions for his excess or for Mr P retaining the salvage, was £5,947.50. It settled his claim on that basis. Mr P thought that was unfair. He put the value of the car at nearer to £10,000. He complained but Admiral didn't uphold it.

Mr P brought his complaint to the Financial Ombudsman Service. One of our Investigators looked into it. He noted Admiral had used two trade valuation guides, Glass's and Cap, to value Mr P's car. Those guides had returned valuations of £6,175 and £5,720. But the Investigator also obtained a valuation from a third guide, Percayso, which provided a valuation of £7,155.

Our Investigator didn't think Admiral had demonstrated that Mr P could replace his car with the sum of £5,947.50. So, the Investigator recommended it should: increase the claim settlement to £7,155; pay Mr P the difference between that and the valuation he'd received and add simple interest of 8% to the shortfall amount..

After querying the valuation, Mr P accepted our Investigator's assessment of the complaint. Admiral didn't agree, so the matter'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 P'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*."

I've considered if Admiral's offer to settle Mr P'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 P's claim is fair and in line with our general 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, to suggest that it's fairer and more reasonable to pay another value.

In this instance Admiral noted that when producing its valuation report Percayso didn't correctly give the car's model. I'll explain that Mr P's car model identifier ends with two letters. But Percayso gave the identifier of the previous model which ended with the same two letters and a number. So Admiral said that it couldn't be sure that Percayso was valuing the correct car.

Also, since our Investigator issued his complaint assessment, Admiral has reviewed its stance. It asked an independent assessor to produce a valuation for the car, which was £6,378. Admiral said it was prepared to increase its value to that sum.

However, the assessor's report contains a number of errors. The assessor referred to the Glass's and Cap's valuations. He then said he'd "*valued the vehicle taking an average of the* ***three*** [emphasis added] *valuation guides.*" But he'd only referred to two guides not three. And the figures show that he didn't value the car with an average of the valuations from the two guides he had used.

Then, having referred to two guide valuations, on the same page, the assessor says: "*There are no guide values for vehicles of this age and type*." Clearly there were as he had referred to them. The assessor's mistakes here possibly resulted from carelessly cutting and pasting from other reports. The errors themselves – while extremely easy to make – might not have affected his overall conclusions. But it does serve to dent the confidence in the report.

The assessor said he valued the car at £6,378 "*based on research from the internet bearing in mind the condition described herein*." He didn't say what that research was or how he'd arrived at his final figure. It's also notable that the condition of the car isn't referred to in his report. But I would assume he'd based the valuation on the car being in a good condition. It's also interesting to note that, if he had produced an average of the valuations from Percayso, Glass's and Cap, he would have obtained a figure of £6,350, which is only £28 away from his actual valuation. However, for the reasons given above, had that been the assessor's method of valuing the car, I wouldn't have thought it to be fair because of the potential detriment to Mr P.

Also, the assessor supported his valuation with reference to two adverts for cars with similar, if slightly higher, mileage to Mr P's car at the time of the accident. He said those cars were advertised for £7,000 and £6,299. Admiral hasn't provided me with copies of those adverts so I can't compare them with Mr P's car. And it's notable that the assessor gave the identifier for the model of one of those cars as having the correct two letters but those were followed by three numbers. However, the manufacturer stopped making that car (with the three number identifier) in 1961. I think it's unlikely that the assessor would have confused the two cars, so this was likely another cut and paste error.

Assuming the cars the assessor referred to were the same specification as Mr P's, I don't think the presence of these two adverts means that they are reflective of what is a fair market value.

I'll explain that similar cars will often be advertised for a range of prices. The variance in price could be reflective of things like:

- The cars' desirability
- Their condition

- The manner in which they are sold (privately, dealer etc)
- The need for a quick sale
- The willingness to negotiate on the price

That is certainly not an exhaustive list. So I don't think it would be fair to say that a market value of £6,378 was reasonable simply because two adverts were for similar sums. That's especially so where one of those advertised prices is £622 higher than the assessor's given valuation. It follows that I don't think it would be reasonable to value the car as the assessor suggested.

As I've said above Admiral said that Percayso's valuation report incorrectly gave the wrong model identifier. It said the manufacturer stopped making that model in 2005 which was before Mr P's car was built. So Admiral said it couldn't be sure that Percayso had valued the correct car.

The Percayso report does use an incorrect model identifier but I'm satisfied that we entered the correct car details when producing the valuation. Further, in support of its valuation Percayso lists the cars advertised for sale on which it based its valuation. All of those were built in 2006 or later and all appear to be the same model as Mr P's car. So, while the anomaly in the car's identifier is unhelpful, I don't think it invalidates Percayso's valuation.

In addition, I've also looked at adverts for similar cars myself. They are available for a range of advertised prices. For example I've seen one with higher mileage than Mr P's car advertised for £7,250 and one with slightly lower mileage offered for £6,890. So, the Percayso valuation would appear to be a reasonable indicator of the market value of Mr P's car.

It follows therefore that I don't think Admiral's initial valuation of £5,947.50 was fair.

Putting things right

I require Admiral to:

- Settle Mr P's motor insurance claim based on a market valuation for his car of £7,155 minus the policy excess. It should pay the shortfall between the sum already paid to Mr P and the final settlement amount.
- Add interest to the sum it pays to Mr P 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].

My final decision

For the reasons given above I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to take the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 July 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 P how much it has taken off. It should also give Mr P a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.