

The complaint

Mrs B complains that Admiral Insurance (Gibraltar) Limited undervalued her car when it settled a claim on her motor insurance policy.

Mrs B's husband has helped her to bring her complaint. But for simplicity I will refer to her husband's comments as being Mrs B's.

What happened

In October 2024 Mrs B's car, which was an overseas import, was damaged in an accident. Admiral decided it was a total loss.

Admiral instructed an independent assessor to value her car. The assessor said he'd looked at adverts for three similar cars for sale and, as a result, valued Mrs B's car at £5,116. Mrs B complained. She said she'd paid £9,500 for the car in July 2022 and didn't think the valuation was fair.

Admiral didn't uphold Mrs B's complaint so she brought it to the Financial Ombudsman Service. One of our Investigators looked into it. He didn't think Admiral had valued the car fairly. He said a fair valuation was £7,500. So he said that Admiral should pay Mrs B the difference between the two valuations (after deducting the excess) and add simple interest to the shortfall to be paid.

Neither Mrs B nor Admiral agreed with our Investigator's complaint assessment. So the matter was passed to me to determine.

Provisional decision

On 29 May 2025 I issued a provisional decision. I've included the relevant extracts below. I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mrs B's policy says that in the event Admiral deem her car to be a total loss it will pay her its market value (less any deductions). 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."

So I've considered if Admiral's offer to settle Mrs B's claim is fair and in line with these terms. In this case, as Mrs B's car is an import from overseas, the UK trade guides don't produce a valuation for it. So neither Admiral nor ourselves can use those guides to value the car. Instead we think it's fair to base a valuation based on adverts for cars that are similar to the insured car.

In this case Admiral appointed an assessor to produce a valuation. That's a reasonable step for it to take. But the assessor's valuation needs to be supported by evidence. I'll consider what evidence was provided in support of the findings further on but in the report the assessor said he'd looked at adverts for three cars with asking prices of £2,495, £3,995 and £5,475, producing an average of £3,988. He noted that Mrs B's car had a mileage of 56,347, but the advertised cars had mileages averaging 106,392. After making an adjustment for the lower mileage on Mrs B's car the assessor came to a final valuation for it of £5,116.

Mrs B noted that this was considerably less than the £9,500 she had paid for her car around 15 months earlier and didn't believe she could replace her car for anything like that sum.

We asked Admiral to show us the evidence the assessor had used to value the car. It produced three car adverts. But it's clear that none of those were the adverts the assessor referred to in his valuation report. Instead the adverts supplied showed asking prices of £5,999, £6,250 and £8,749, producing an average figure of £6,999. So it appears that the assessor did not support his valuation report with appropriate supporting evidence at the time. And, without that evidence, having looked myself at similar cars currently available on the market, it's difficult to understand how he arrived at his conclusion that a fair valuation for the car was £5,116. As such I find the assessor's valuation report unreliable and I don't think it was fair for Admiral to have had confidence in it.

I'll add that there are a number of variants of the model of Mrs B's car. For example, the car is available in both petrol and hybrid models. The number of seats also varies between seven and eight. Those are factors that will affect the car's desirability and price. Mrs B's car was a hybrid with eight seats. And while finding adverts for an exact like-for-like equivalent isn't straightforward, I think it's reasonable to only base valuations on cars which have similar specifications. So, I think it's fair to only compare the value of Mrs B's car against similar hybrid models with eight seats. That's because I think a hybrid car will be more desirable to consumers who prefer cars with lower emissions and greater fuel economy. Also a larger number of seats will clearly be preferable to certain consumers.

When looking into what could be considered a fair market value our Investigator considered some adverts for similar cars. I've set out the relevant details below as "Car 1" and "Car 2". The original adverts are no longer available online. But our Investigator saved screen shots of them. Those screen shots don't always capture all of the relevant details, which is why I have referred to some factors as being 'unknown'. I haven't included the details of cars that were not eight seaters or hybrid cars.

I've also included the detail from one of the adverts the assessor produced – "Car 3". The other two adverts he supplied were both seven seat petrol cars, which I've disregarded. In addition I did my own research. I've included two adverts from cars I thought were most similar to Mrs B's – "Car 4" and "Car 5".

	<i>Fuel</i>	<i>Seats</i>	<i>Mileage</i>	<i>Advertised price</i>
<i>Car 1</i>	<i>Unknown</i>	<i>Unknown</i>	<i>52,213</i>	<i>£7,250</i>
<i>Car 2</i>	<i>Hybrid</i>	<i>8</i>	<i>88,500</i>	<i>£7,995</i>
<i>Car 3</i>	<i>Hybrid</i>	<i>Unknown</i>	<i>72,000</i>	<i>£5,999</i>
<i>Car 4</i>	<i>Hybrid</i>	<i>8</i>	<i>71,000</i>	<i>£7,995</i>
<i>Car 5</i>	<i>Hybrid</i>	<i>8</i>	<i>75,000</i>	<i>£9,995</i>

So, from the above, the cars range in value from £5,999 to £9,995. Clearly none of those are near to the £5,116 value Admiral put on Mrs B's car. The nearest to Admiral's valuation is Car 3. However, even then – assuming it is an eight seater – it would appear to be an outlier as it's £1,251 cheaper than the next cheapest car. That seems unusually low compared to the rest, with three out of the remaining four in the £7,000 bracket. So I don't think it's fair to use it as a comparator of what is likely to represent fair market value. That's because to do so could leave Mrs B at a significant disadvantage. Similarly, Car 5 would appear to be an outlier in the other direction given that it's £2,000 more expensive than the next highest priced car. So using that one could leave Admiral at a disadvantage.

Of the remaining three cars, two – Cars 2 and 4 – are both valued at £7,995. But both have higher mileage than Mrs B's car. The remaining car, Car 1, might or might not be an eight seater hybrid. And assuming that it is, it is around £745 cheaper than the other two. But its mileage is much closer to Mrs B's car, which should usually make it more expensive not £745 cheaper. However, I note the website advertising the car has marked it as a "good deal £1,003 below market". In other words the website producers thought the car could fairly be advertised at £8,253. But, as I've already indicated I can't be sure that it's an eight seater hybrid, so it could be a petrol or seven seater car.

Having considered the above it would seem to me that similar cars to Mrs B's that are currently or more recently available would have a market value of around £8,000.

I appreciate that the pricing for second hand cars can be subject to fluctuations over time. And it was around four to five months from Mrs B's claim before our Investigator began researching the matter. It was a further two months before I began looking into it. But it bears note that this research only became necessary because Admiral didn't fully evidence the valuation it chose to rely upon. I accept it's possible that Mrs B's model of car has become more desirable and increased in price since Mrs B's claim. But even if that's the case, as I've already said, the cars in the table above generally have higher mileage than Mrs B's which should have made her car slightly more expensive. So even allowing for some fluctuations in pricing over the months since the claim, I think that a valuation of around £8,000 would seem fair for a car similar to Mrs B's.

It follows that I don't think that Admiral valued Mrs B's car fairly. While it, reasonably, asked the assessor to value the car, it didn't obtain the evidence on which that assessment was based to ensure itself it was fair. As a result, it didn't look again at that assessment after Mrs B complained. I can understand that was a source of frustration for her as she was certain Admiral's valuation was unfair and, in the meantime, she was without the use of her car. Although I note that Admiral offered, on several occasions, to make an interim payment, which Mrs B rejected. I also note that Mrs B chose to keep the car's salvage and have it repaired. So she would have been without the use of her car while the repairs were ongoing in any event. However, I don't doubt that knowing that Admiral had undervalued her car and the complaint process she's gone through to try to achieve a fair valuation was stressful. To address that I think Admiral should pay her £300 by way of compensation.

I'll add that I'm aware that even though Admiral valued Mrs B's car at £5,116 that wasn't the amount it paid to her. As I understand it, it would have deducted her policy excess, which I believe to be £650. Also, as she chose to keep the car and repair it herself, Admiral would have deducted the amount it could have sold the salvage for, I believe that figure was around £1,028.

Further, while this hasn't been confirmed to me, I think Admiral has also reduced the sum it paid because it believed Mrs B had made a misrepresentation when she took out the policy.

So it made, what's known as, a proportionate settlement, paying roughly 90% of her claim value, in line with the relevant law¹. In the appropriate circumstances that's something that it's allowed to do. But I need to be clear that, as the matter of a proportionate claim settlement wasn't an element of the complaint I am considering here, I have not considered whether, if that's what Admiral did, it was fair and reasonable or not.

For completeness I'll add that Mrs B also complained initially about not being given a courtesy car. But Mrs B's policy only entitles her to a courtesy car when her car is being repaired. But as Admiral deemed it a total loss at an early juncture it was not ever in the process of being repaired and she was not entitled to a courtesy car. So I'd don't think Admiral did anything wrong by not providing one.

Putting things right

I expect to instruct Admiral to take the following action:

- *Settle Mrs B's motor insurance claim based on a market valuation for her car of £8,000 before making any adjustments for a proportionate settlement or other deductions. It should pay the shortfall between the claim settlement sum already paid to Mrs B and the final settlement amount.*
- *Add interest to the sum it pays to Mrs B 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 year².*
- *Pay Mrs B £300 compensation to address her distress and inconvenience."*

Developments

Admiral accepted my provisional decision. It said it would take the steps set out above. However, it added that it would adjust the amounts it retained for the salvage and any proportionate settlement in line with the valuation of £8,000.

Mrs B said the car 'closest' to hers from the table above was valued at £9,995. So she thought Admiral should value her car at £9,000. She also repeated that Admiral had taken too long to settle her claim and again explained the impact this had on her.

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.

Mrs B said the car 'closest' to hers was car 4 which was valued at £9,995. But I don't know on what basis she's decided that car was *closest* to hers. It would appear to be the same specification as the other 8 seater hybrid cars. And three of the cars I refer to in the table have mileage nearer to Mrs B's car. So I don't agree that car 4 was *closest* to Mrs B's car and I don't think it would be fair to increase the valuation.

Further I considered the impact that Admiral's unfair settlement had on Mrs B in my provisional decision when I provisionally awarded £300 compensation. When doing so I noted that Admiral had offered to settle the claim earlier by making an interim payment but

¹ The Consumer Insurance (Disclosure and Representations) Act 2012

² If Admiral considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs B how much it has taken off. It should also give Mrs B a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Mrs B had rejected that. And nothing Mrs B's said in her response to my provisional findings has caused me to revisit that provisional decision award.

Admiral said it would adjust the amount it deducted for salvage in line with the increased valuation. I'll explain that when an insurer like Admiral settles a claim for the total loss of a car its usual for the insurer then to own the car. They will then sell on the car to a salvage dealer. It's common for the insurer and the salvage dealer to have an agreement where that dealer will pay a fixed percentage of the car's value. Looking at Admiral's figures it seems it would generally receive 20% of the car's pre accident value for the salvage. So that was the percentage it applied when it settled Mrs B's claim (at the lower market value). Which would mean that if the market value increases, so would the salvage sum the insurer might expect to receive for the car.

But in the specific circumstances of this complaint, I don't think it would be fair for Admiral to reduce its final settlement further by increasing the salvage value. That's because, in making the deduction for the salvage value, Admiral essentially 'sold' the car back to Mrs B for the sum of £1,028. And I can't see that it told her at any point that if it increased the car's valuation it would also increase the reduction for the salvage value. So, as that's not something Mrs B agreed to before deciding to retain the salvage, I don't think it would be fair for Admiral to unilaterally impose a further deduction for an increase in the salvage value now. It's not something, in that light, I could reasonably allow it to do.

Admiral may however, reduce its final settlement proportionately as a result of Mrs B's misrepresentation. It's reasonable for it to do that because it seems Mrs B was aware, at some stage, that this proportionality would affect her claim, with this additional award of mine being made in respect of what Admiral reasonably owes under the claim.

Putting things right

As I've decided not to change my provisional findings I require Admiral to:

- Settle Mrs B's motor insurance claim based on a market valuation for her car of £8,000 before making any adjustments for a proportionate settlement or other deductions. It should pay the shortfall between the claim settlement sum already paid to Mrs B and the final settlement amount.
- Add interest to the sum it pays to Mrs B 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 year³.
- Pay Mrs B £300 compensation to address her distress and inconvenience.

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 at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 11 July 2025.

Joe Scott
Ombudsman

³ If Admiral considers that it is required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs B how much it has taken off. It should also give Mrs B a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

