The complaint

Miss G complains that Admiral Insurance (Gibraltar) Limited's settlement offer for a claim on her motor insurance was unfair.

Miss G is represented in this matter by her husband but, for simplicity, I'll just refer to Miss G in my decision.

What happened

Miss G had an Admiral motor insurance policy. In February 2024, she made a claim after her car was damaged in an accident. Admiral declared the car a total loss and initially valued the car at £34,698. When Miss G challenged this, it increased its valuation to £35,145. It offered her this, less the £500 policy excess, to settle the claim.

Miss G didn't accept this and complained to this service. She said she couldn't replace her car for less than £36,000 and provided adverts from a well-known car sales platform to support her case. She wants Admiral to increase its offer.

Our investigator recommended that the complaint should be upheld. He reviewed valuation guides and adverts and thought a fair market value for Miss G's car was £36,250. He recommended that Admiral pay Miss G the difference between this amount and its settlement offer, plus interest.

Admiral didn't accept this, so the case was passed to me to make a final decision.

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 policy says if Admiral doesn't repair Miss G's car, it must pay her its market value. The policy booklet defines market value as: "*The cost of replacing your vehicle with a similar make, model, age, mileage and condition*."

As our investigator explained, when we look at complaints about valuations, we check the relevant valuation guides and consider whether the insurer has made a reasonable offer in line with them. These guides are based on nationwide research of selling prices.

Admiral sent us the valuation guides it used to value Miss G's car. These gave £33,670, £35,750, and £34,674. It initially calculated the car's market value as the average of these. It later increased its valuation to £35,145, following a review by its engineer.

Our investigator found the following valuations based on a similar make, model, mileage, and condition of Miss G's car at the time of loss: £33,670, £35,750, £34,674, and £35,717. He thought a reasonable starting point would be the highest of these. He also considered the adverts reviewed by both parties to assess Miss G's argument that she couldn't replace her car for less than £36,000.

Admiral's internal notes show it assessed its valuation for Miss G's car against ten adverts. The advertised cars ranged in price from £33,500 to £39,450. Only two were priced lower than its valuation of Miss G's car (although seven of the other eight were newer models). The two cars of the same year as Miss G's were advertised at £33,500 and £35,550. Both had higher mileage.

Miss G sent Admiral adverts for five cars similar to her own. These were:

- £38,500 (two years newer, much higher mileage).
- £36,495 (one year newer, lower mileage).
- £37,187 (one year newer, much lower mileage).
- £36,095 (same year, higher mileage).
- £37,490 (one year newer, similar mileage)

She later sent us four more adverts and noted that her car was a rare colour so difficult to find comparable cars for sale. These were:

- £35,990 (same year, similar mileage).
- £36,990 (one year newer, similar mileage).
- £37,194 (same year, slightly higher mileage).
- £37,995 (same year, higher mileage).

The four adverts for a car of the same year as Miss G's are all higher than the highest valuation guide. I also note the car's colour and alloy wheels would have made Miss G's car attractive to potential buyers.

Admiral told us it was willing to settle at the top guide price (£35,750). However, it didn't think a valuation above this was justified. It said: "*Advertised prices will usually allow room for profit, 'haggling' or other agreed discounts, and not simply reflect the market value*."

I understand Admiral's argument and I accept the general point. Adverts can sometimes be misleading as sale prices are often lower than the advertised price after negotiations between buyer and seller. But I think Miss G's argument that she can't replace her car for the highest guide price is borne out by the adverts. I think our investigator's conclusion that a fair market value should be slightly higher than the valuation guides is reasonable in this case. I also think he recognised that the advertised prices may not be the final sales prices. 13 of the 19 adverts he reviewed – seven from Miss G, six from Admiral – are priced higher than his assessment of the car's market value.

On balance, I'm not persuaded that a market value limited to the highest of the guide prices is appropriate in this case. Having considered the evidence, I think a fair market value for Miss G's car is £36,250. Admiral should pay Miss G the difference between this sum and its original settlement, plus interest.

My final decision

My final decision is that I uphold this complaint and order Admiral Insurance (Gibraltar) Limited to:

- Pay Miss G the difference between £36,250 and its original settlement.
- Add interest to this sum at 8% simple per year from the original settlement in March 2025 to the date it pays the amount above.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 9 October 2025.

Simon Begley
Ombudsman