

The complaint

Mr and Mrs M complain that Admiral Insurance (Gibraltar) Limited offered an unfair settlement for a claim on their motor insurance policy.

Both Mr and Mrs M are named policyholders on their Admiral policy, so any claim or complaint is brought by them both. But for simplicity, and because most of the information about the complaint has been provided by Mr M, I'll refer mainly to Mr M from here onward.

What happened

Mr M had an Admiral motor insurance policy. In March 2024, he made a claim on his policy after his vehicle was involved in an accident. Admiral declared the vehicle a total loss and offered to settle the claim for £26,805, less the policy excess. When Mr M challenged this, it commissioned an engineer to assess the vehicle and calculate a fresh valuation. The engineer recommended the vehicle should be valued at £28,547. Admiral offered this to Mr and Mrs M, less the policy excess. It also offered them £125 to apologise for its handling of the claim.

Mr M didn't accept this. He said his vehicle was a 2021 model rather than the 2020 model Admiral had used as basis for valuation. He explained the 2021 model had *"a number of significant upgrades to the 2020 model"* and listed optional extras that he thinks should be considered. He believes his vehicle is worth £33,000 and sent us adverts to support this.

Our investigator recommended that the complaint should be upheld. He accepted Mr M's evidence that his vehicle was a 2021 model. He thought an advert for a vehicle of the same make, model, year, and approximate mileage suggested £29,281 was a fair market value for Mr M's vehicle. He recommended Admiral pay Mr M an extra £734 to settle the claim, plus interest. He also thought Admiral had caused Mr and Mrs M distress and inconvenience in its handling of the claim, and recommended it pay them £200 to reflect this.

Admiral didn't agree with our investigator, so the case was passed to me.

My provisional decision

I issued a provisional decision on this complaint on 29 May 2025. I said:

"Under the policy terms, Admiral must pay Mr M "a cash sum to replace the damaged vehicle." This cash sum is the market value for the vehicle. Page 4 of the policy booklet 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."

Admiral initially offered Mr M the average of two guide valuations (£25,500 and £28,110). When Mr M rejected this, it commissioned an engineer to carry out a new valuation. The engineer based this on the average of nine adverts rather than the two guides. His report said: "When placing a value on the vehicle we have utilised Open Market Research as this

vehicle is not valued using the recognised FOS guides themselves, or the market place advertisements strongly suggest that the guides themselves could be wrong.” His valuation was £26,373, adjusted as follows:

1. The average mileage on the nine advertised vehicles was over 9,000 miles more than Mr M’s vehicle. He increased the value of Mr M’s vehicle by £1,212 to reflect this.
2. The engineer added £952 for “extras”. These extras aren’t set out in his report, however Mr M told us these were “alloy wheels, morzine headlining, heated seats, black pack, wireless device charging, privacy glass, [and] panoramic roof.”

The engineer based his valuation on the 2020 model. Mr M says his vehicle is the 2021 model. He explained that his manufacturer began to sell the 2021 model in 2020, so these were registered in 2020 under ‘70’ number plates. He said: “This is a fundamental point as the 2021 models were and are selling at a much higher price than [sic] the 2020 model due to the much improved spec.”

I’ve considered the evidence on this point. Having done so, I’m satisfied that Mr M’s vehicle was the 2021 model, for two main reasons:

- The dealership specifications show this was the 2021 model.
- More importantly, entering the Vehicle Identification Number (VIN) on the manufacturer’s website confirms it’s the 2021 model.

Admiral will be aware that some manufacturers release new models earlier than the March registration change, so I don’t think this situation is particularly unusual. I’m satisfied that it should base its valuation on the 2021 model.

Normally, our starting point would be the valuation guides. These are based on nationwide research of selling prices and are often more reliable than individual adverts. Adverts are another way of checking how much it might cost a customer to buy a replacement vehicle, however these can be misleading as sale prices are often lower than the advertised price after negotiations between buyer and seller.

Using the valuation guides is difficult in this case because they default to the 2020 model when we input Mr M’s vehicle registration. So I think it’s reasonable to base a valuation on Mr M’s adverts. I also note that Admiral based its settlement offer on the adverts its engineer found, so I’m satisfied this approach is fair.

Mr M sent us ten adverts¹. Three are for the 2020 model, seven for the 2021 model. They range in price from £33,995 to £29,879, and from 10,000 to 22,279 miles:

Advert ²	Price (£)	Mileage	Model
1	29,879	21,423	2021/71
4	37,195	11,700	2021/71
5	35,980	15,000	2021/71
6	39,995	10,000	2020/70

¹ He sent us 11 but one was a duplicate.

² I’ve followed Mr M’s numbering. 2 was a duplicate of 7 so is omitted; 3 was missed in Mr M’s numbering.

7	29,990	21,204	2020/70
8	33,000	20,650	2020/70
9	33,995	18,265	2021/71
10	33,750	22,279	2021/71
11	33,000	20,290	2021/71
12	33,750	22,246	2021/71

Admiral's internal email on 30 April 2024 shows Mr M's vehicle's mileage was 24,943³. On balance, I don't think it would be fair to use the adverts for vehicles under 20,000 miles to calculate a fair market value for his vehicle. I think these distort the calculation too much. The average price for the other six vehicles is £32,228. I think that's a fair starting point.

The average mileage for these six vehicles is 3,594 lower than Mr M's vehicle (21,349 against 24,943). I think it would be reasonable for Admiral to make an adjustment for this. I'd like it to ask its engineer to calculate this, and explain how he calculated this when it responds to this provisional decision. I can then decide if the proposed adjustment is fair.

As far as I can see, the extras listed above don't come as standard on the 2021 model. I think it's fair to add the engineer's allowance for these (£952) to the final valuation.

For the reasons above, I think Admiral should increase its settlement for Mr M's vehicle. I think a fair market value is the average of the six adverts I've highlighted (£32,228), plus the adjustment for extras (£952), less an adjustment for mileage.

Admiral's notes suggest it paid the settlement to Mr M's finance provider on or around 20 May 2024. If that's correct, I intend to ask Admiral to pay Mr M the difference between its settlement and the new valuation for Mr M's vehicle, plus interest.

Finally, our investigator recommended Admiral compensate Mr and Mrs M for the inconvenience and frustration they experienced during the claim. Admiral recognised that its communication wasn't good enough. It apologised for this and offered Mr and Mrs M £125.

Mr and Mrs M spent a great amount of time over several months – including several hours on the phone with Admiral – trying to sort this out. I'm sure this would have been incredibly frustrating for them. I also think Admiral could have identified the correct model year at the outset. For example, it could have checked this with the manufacturer. Having considered the level of award made by this service, I think £250 is more appropriate.”

Responses to my provisional decision

Mr M told us he accepted my proposal “*subject to Admiral providing a sensible mileage adjustment*” and the following points which I've summarised below:

- He first sent Admiral the manufacturer specification sheet – which showed the vehicle was a 2021 model – in March 2024. He sent this to Admiral more than once but Admiral ignored it.
- Admiral's engineer didn't take account of all of the vehicle's optional extras when he valued it.

³ Admiral's engineer used an estimated mileage of 25,141. It's not clear to me why he didn't use Admiral's figure.

- Admiral declared the vehicle a write-off because the estimated repair costs were too high. Mr M had wanted the vehicle repaired. He asked me to consider this point given my finding that Admiral's initial valuation was too low.
- The vehicle was fitted with a tow bar which cost £1,488.61. Admiral said this wasn't covered by the policy. Mr M asked whether this should be included in the valuation.
- Mr M's experience with the manufacturer's dealerships is that they don't negotiate on price and sell at the advertised prices.
- Mr M explained how stressful the matter had been for them, particularly due to personal circumstances while they were dealing with their insurance claim.

Admiral told us it had no further evidence to provide.

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.

I accept that Admiral doesn't have to have provide a detailed response to my provisional decision, but I'm disappointed it didn't provide the mileage adjustment, as requested. I've covered this below.

I'll take Mr M's points first.

Mr M listed the extras that he says weren't considered by Admiral's engineer: leather sports seats, metallic paint, a rare rear view mirror, premium LED headlights, and a powered tailgate/boot lid. He also asked if the tow bar should be included in the valuation.

The key consideration for me isn't whether Mr M paid for these extras – as well as those I covered in my provisional decision – but if they affect the market value of the vehicle. For example, I'm not persuaded that a tow bar adds value to this vehicle. Some prospective buyers might like it; others might not. But I don't think a dealership (or private seller) would factor this into the sales price.

I've reviewed the manufacturer specifications and I can see that many of the extras Mr M listed are included in the chosen trim level for his vehicle. Some of the adverts he sent us show vehicles that had many of these extras (in particular, adverts 10,11, and 12). Mr M also noted that others included at least some of these extras. And – as I explained in my provisional decision – Admiral's engineer added £952 to his valuation for "extras".

So I'm satisfied I've factored Mr M's vehicle features into the valuation because:

1. The vehicles I used as the basis for the valuation had at least some of these extras.
2. I added the engineer's adjustment to the average of these advertised vehicles.

Having reviewed the vehicle's standard specifications, trim level, the adverts, and the engineer's report, I remain satisfied that £33,190 is a fair market value for Mr M's vehicle.

On repair costs, the first thing to say is that Mr M didn't complain about Admiral's decision to declare the vehicle a total loss – he complained about the settlement offer. This service can't consider a complaint until the policyholder has complained to their insurer. However, I don't want to waste his time if the complaint is unlikely to succeed. In the circumstances, I don't think it's unreasonable for me to look at this.

Mr M told us Admiral's repairer estimate for repairs in March 2024 was £20,394.95. I've found that a fair market value for the vehicle is £33,190. If Admiral had applied this valuation in March 2024, repairs would have been 61.4% of the vehicle's market value. That's similar to Admiral's original assessment when it declared the vehicle a total loss (62%).

Mr M says Admiral's repairer told him 65% is "*more normal in the industry*." In our experience, most insurers will write off a vehicle when the cost of repair exceeds 60-70% of its market value. In my opinion, Admiral's decision to declare Mr M's vehicle a total loss doesn't look unreasonable even allowing for the increased valuation.

The policy allows Mr M to get a repair quote from his own repairer. Mr M told us Admiral initially said he'd have to pay for the vehicle to be transported to his chosen repairer. That doesn't appear consistent with the policy terms so I'm glad Admiral corrected this. Mr M said Admiral also told him he'd be liable for "*storage costs*" if he chose this option. He says he wasn't prepared to incur unknown costs so "*reluctantly agreed the settlement*." I don't have enough information to make a finding on this point. Mr M should – if he wishes – raise this with Admiral. If he's unhappy with its response, he can come back to us.

Under the policy terms, once Admiral settled Mr M's claim the vehicle became its property: "*If your vehicle is a total loss we can also... take possession of your vehicle if we settle your claim on a total loss basis (the vehicle will become our property in those circumstances)*" ('General conditions', page 22). That means it could do what it wanted with the vehicle, including selling it. It looks like its salvage agent repaired the vehicle, sold it, and it's now back on the road. While I understand why Mr M will be frustrated by this, I'm satisfied that Admiral acted in line with the policy terms.

I accept Mr M's point that the manufacturer won't negotiate on advertised sales prices. This doesn't affect my findings on the vehicle's fair market value.

I understand why Mr and Mrs M found this situation stressful given the circumstances Mr M set out in his response. I've no doubt this was heightened by Admiral's handling of their claim. However, I'm satisfied that my award for the distress and inconvenience Admiral caused them recognises this. I'm also satisfied that it's in line with this service's awards in similar circumstances.

Finally, I said in my provisional decision that it would be reasonable for Admiral to make an adjustment to the valuation because the average mileage of the advertised vehicles was around 3,500 less than Mr M's mileage. I asked Admiral to calculate this but it failed to do so. I've reviewed the adjustment its engineer made in his original valuation. Having done so, I think any adjustment would be in the low hundreds of pounds. In the circumstances, I'm not prepared to guess what this might be. I make no adjustment to the valuation.

My final decision

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

- Increase the valuation of Mr M's vehicle to £33,190.
- Pay Mr and Mrs M the difference between this new valuation and its May 2024 settlement.
- Add interest to this sum at 8% simple per year from the May 2024 settlement to the date it pays this additional amount to Mr and Mrs M.

- Pay Mr and Mrs M £250 to reflect the distress and inconvenience it caused them in its handling of their claim.

*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 certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 25 July 2025.

Simon Begley
Ombudsman