DRN-5651471

The complaint

Mr M complains that Admiral Insurance (Gibraltar) Limited has offered an unfair settlement under a motor insurance policy.

What happened

Mr M had an Admiral motor insurance policy. In September 2024, he made a claim on his policy after his car was damaged. Admiral declared the car a total loss and declined Mr M's request to have the car repaired by his garage. It valued the car at £16,450 and paid this to Mr M to settle the claim, less the £575 policy excess.

Mr M didn't accept this. He said his car was worth £20,000. He asked this service to make a ruling.

Our investigator recommended that the complaint should be upheld. She didn't think Admiral's decision to declare the car a total loss was unreasonable. However, she found three trade guide valuations based on the same make, model, year, and mileage as Mr M's car. The highest of these was £19,925. She thought this was a fair market value for the car and recommended that Admiral pay Mr M this difference between this amount and its settlement offer, plus interest.

Mr M accepted this. Admiral didn't 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.

Admiral accepted Mr M's claim so that isn't an issue here. My role is to decide if it offered him a fair market value for his car.

First, Mr M is unhappy Admiral declared his car a total loss and didn't allow him to have it repaired by his own repairer. His garage quoted £12,154.12 (including VAT) for repairs. Admiral eventually sent us its engineer's report. It estimated the cost of repairs at £13,974.92 (including VAT). I think the two quotes are broadly comparable. The main reason for the difference is that Admiral's engineer quoted higher paint and labour costs.

The policy allows Mr M to get a repair quote from his own repairer but, in effect, says Admiral must approve any estimate before it will allow this (section 2, page 11 of the policy booklet). I think it's worth pointing out that there's no guarantee Admiral would have approved Mr M's quote. But if it had, the cost of repairs would be 73.9% of Admiral's valuation of the car[1]. Even if Mr M's car was worth £20,000, his garage's estimated cost of repairs would be about 60.8% of the value of his car.

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 car a total loss

[1] Admiral's repair quote was 85% of its valuation for Mr M's car.

doesn’t look unreasonable. However, I think it should have explained this more clearly to Mr M. There’s no evidence it ever did this.

Next, Admiral’s valuation. The policy says if Admiral doesn’t repair Mr M’s car, it must pay its market value. 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*.”

When we look at complaints about valuations, we check the relevant trade guides and consider whether the insurer has made a reasonable offer in line with them. These trade guide values are based on nationwide research of selling prices. Adverts are another way of checking how much it might cost a customer to buy a replacement vehicle, however these can sometimes be misleading as sale prices are often lower than the advertised price after negotiations between buyer and seller.

Admiral sent us the trade guide valuations it used to settle the claim. These gave values of £16,450 and £13,750. It offered the higher of these, less the policy excess. Our investigator found the following valuations based on a similar make, model, mileage, and condition of the car at the time of loss: £19,925, £16,295, and £13,750. She thought a fair market value would be the highest of these.

Admiral believes the highest valuation is an outlier, so the average of the three values would be fair. I don’t agree. I think the range of values – over £6,000 between the highest and lowest – shows it’s difficult to accurately value Mr M’s car. In any case, our approach to valuations has evolved. Admiral hasn’t provided any evidence to persuade me that a valuation in line with the highest of the trade guides is inappropriate, so that’s my starting point. Mr M has also provided two adverts from a well-known motor publication to support his position: one for a car with broadly similar mileage for £19,500; the other with higher mileage for £20,000.

Having considered the evidence, I think Admiral should increase its settlement to £19,925. It should pay Mr M the difference between this sum and its settlement, plus interest.

Finally, Mr M told us this matter caused him frustration for several reasons. In summary:

- Admiral didn’t tell him why he couldn’t have the car repaired himself.
- He couldn’t replace his “*cherished*” car with one of a similar make and model because of Admiral’s low settlement.
- There were unreasonable delays settling the claim.
- Admiral confused things during the claim. It initially told him the car was a total loss, then said it could be repaired, then said it was a total loss.

Admiral acknowledged the frustration Mr M experienced during the claim. It offered him £100 to apologise for this. I’m not persuaded that this adequately compensates him for the frustration and inconvenience he suffered. I think it should pay him another £100.

My final decision

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

- Pay Mr M £4,050 to reflect the difference between the market value for his car and its settlement offer.
- Add interest to this sum at 8% simple per year from the date of settlement in 2024 to the date it pays the amount above.
- Pay Mr M an additional £100 to reflect the frustration and inconvenience it caused him.

*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 to accept or reject my decision before 13 September 2025.

Simon Begley
Ombudsman