

The complaint

Mr M complained about the settlement payment Admiral Insurance (Gibraltar) Limited ("Admiral") offered him after his car was categorised as a total loss, under his motor insurance policy.

What happened

Mr M was involved in an accident. He contacted Admiral to make a claim which it accepted. It determined his car was a total loss due to the extent of the damage. It then offered him £8,000 in settlement. Mr M said he can't replace his car for this amount and asked Admiral to increase its offer. It didn't agree so Mr M complained.

Admiral responded and said it had instructed an independent assessor to value Mr M's car. It maintained that its offer of £8,000 was fair.

Mr M didn't agree with Admiral and referred his complaint to our service. Our investigator upheld his complaint. He didn't think Admiral had supported its valuation. As Mr M had owned his car for less than a month before his loss, he thought the price he had paid, which was £10,995, was a good indicator of its market value.

Our investigator wasn't persuaded by the adverts supplied by either party to support a higher or lower valuation. So, he recommended that Admiral pay Mr M what he paid for the car, plus 8% on the delayed part of this payment.

Admiral didn't accept our investigator's findings. It said the independent expert's opinion should not be dismissed.

As an agreement wasn't reached the complaint was passed to me to decide.

I issued a provisional decision in May 2025 explaining that I was intending to uphold Mr M's complaint. Here's what I said:

provisional findings

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

Having done so my intention is to uphold Mr M's complaint. Let me explain.

Mr M's policy pays the market value in the event of a total loss due to accident damage. This is defined 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."

We don't provide valuations for vehicles but rather we look to see whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, engineer's reports.

Admiral was unable to obtain a valuation from any of the industry trade guides, neither could we. I've read the report its independent assessor produced. The report sets out the make, model, mileage and registration date for Mr M's car. The assessor confirmed there were no trade guide valuations available and gave his opinion that £8,000 was a fair valuation. No supporting evidence was included with the report.

We asked Admiral to provide the supporting evidence the assessor used. It sent four adverts. Three are for a lower specification model than Mr M's car. The other example is the same specification on sale for £10,750. This car has covered around 14,000 more miles than Mr M's car.

Mr M has explained that his car commands a higher price than the lower specification model. I've seen a number of additional adverts our investigator was able to obtain that support this point.

Based on this information only one of the adverts Admiral supplied is reasonably comparable to Mr M's car. This indicates that £8,000 isn't a fair valuation.

Mr M has supplied bank records to show he paid £10,995 for his car in a private sale on 25 August 2024. The issue date for his policy is also 25 August. The accident occurred on 20 September, so under a month later. In the absence of any trade guide valuations, I agree with our investigator that what Mr M paid for his car is a reasonable starting point to establish its market value.

I've looked at the adverts Mr M provided. Some of these are of higher specification cars and have significantly different mileages. One advert shows the same model with similar mileage for sale at £17,995. But this is a newer car. I don't find these examples reasonably comparable. The remaining advert is for the same model but with higher mileage and is a year older. This car was reportedly sold for £11,990. Again this isn't a directly comparable example.

Based on this information, and in the absence of trade guide valuations, I think the fairest approach to valuing Mr M's car is to base it on what he paid for it. I acknowledge Admiral's view that the independent assessor it appointed is an expert at valuing cars. But the examples it provided to show how the assessor arrived at his valuation, are mainly for lower specification models. The only comparable car it provided was for sale for only slightly less than Mr M paid for his car. And this car has covered more miles. So, I don't think the evidence supports Admiral's view that £8,000 is a fair market value.

I've thought about the impact all of this has had on Mr M. He wasn't offered a fair settlement for his car. This meant he hasn't been able to replace it with a similar model. Mr M had to spend additional time sending information to support what his car was worth. To acknowledge the inconvenience Admiral caused Mr M it should pay him £150 compensation.

In summary I don't think Admiral treated Mr M fairly in how it settled his claim. It should now pay him a total of £10,995 and include 8% simple interest on the balance owed, from when the settlement was first offered until payment is made in full. It should also pay him £150 compensation.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mr M responded to say that he accepted my provisional findings.

Admiral didn't respond with any further comments or evidence for me to consider.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

My final decision is that I uphold this complaint. Admiral Insurance (Gibraltar) Limited should:

- settle Mr M's claim paying him a total of £10,995;
- pay 8% simple interest* on the delayed part of this payment, from the date the settlement was first offered until payment is made in full; and
- pay Mr M £150 compensation for the 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 him a tax deduction certificate 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 30 July 2025.

Mike Waldron
Ombudsman