

The complaint

Mrs L has complained about the way Admiral Insurance (Gibraltar) Limited handled her claim under her motor insurance policy and the amount it paid in settlement of it.

Any reference to Admiral includes its agents.

What happened

Mrs L's vehicle was stolen on 9 December 2024. She claimed under her main policy for the loss of her vehicle and under her Hire Vehicle Cover for a temporary replacement vehicle. It took Admiral until 12 December to arrange a suitable hire vehicle, with the main problem being that it wasn't able to confirm the vehicle would have seven seats like Mrs L's vehicle. And Mrs L had to spend quite a lot of time on the phone to Admiral sorting this out.

It then took Admiral until 24 January 2025 to consider the claim, make a settlement offer and pay the amount it had offered. Mrs L wasn't happy with the offer or the way Admiral had handled her claim and complained about this. Although, she'd already complained about the issues with providing the hire vehicle in December when she was having problems with this. Ms L's main complaint points were:

- The length of time it took Admiral to arrange the hire vehicle.
- The fact it took the hire vehicle back before it had paid the settlement amount on her claim.
- The delay in settling her claim and the fact Admiral never phoned her back and failed to keep her updated.
- The value Admiral used for her vehicle to work out the settlement amount due on her claim.

Admiral upheld some of Mrs L's complaint points. It agreed it could have provided a better level of service and paid her £250 in compensation for the distress and inconvenience due to poor communication and delays on her claim. It paid interest on the amount due in settlement of the claim in recognition of the delay in offering settlement. It also paid £25 in compensation for the fact it took longer than it should have done to respond to Mrs L's complaint.

Mrs L wasn't happy with Admiral's response and referred her complaint to us.

One of our investigators considered Mrs L's complaint. He said Admiral should have used a higher market value for Mrs L's vehicle as the starting point for settling her claim. And he said it should pay a further £1,143.67 in settlement of her claim, plus interest. He acknowledged that Admiral hadn't handled Mrs L's claim very well. And said the £250 it had paid in compensation for the distress and inconvenience Mrs L had experienced because of this was fair.

Admiral accepted the investigator's view on the complaint. But Mrs L does not agree with it and has asked for an ombudsman's decision. She is concerned that the market value of her vehicle may not have been based on the seven seat version. And it is clear she doesn't think

the market value the investigator has suggested is high enough. She has also suggested that her excess should be waived as additional compensation for the distress and inconvenience she experienced.

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 L's policy requires Admiral to settle her claim based on the market value of her vehicle. Market value is defined in the policy as follows: *"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."*

I should say first of all that Admiral's policy definition of market value is out of line with what I consider to be good industry practice. I say this because we consider the market value should be based on the cost of replacing the insured vehicle in the retail market, and that the market the customer purchased it in is irrelevant. However, I'm satisfied that when it arrived at the market value for Mrs L's vehicle Admiral did use the retail values provided by the guides. Albeit I agree with our investigator that it got the market value wrong.

I should also say that I'm satisfied that Admiral did use the right model of vehicle, i.e. the seven seat version, when working out what it thought the correct retail replacement value of Mrs L's vehicle was. I say this because when we checked the guides we used the seven seat version and got more or less the same values for the three guides Admiral used.

Our approach to determining whether the market value an insurer has used is appropriate is to check four industry guides to see whether what it has offered is in line with these. And we'd expect an insurer to provide evidence to show a valuation lower than the highest guide is fair and explain why the evidence shows this, unless it is obvious. If it can't or doesn't do this, we're likely to say it needs to base its settlement on at least the highest guide valuation. And the best evidence to support a value lower than the highest guide is adverts from around the time the insured vehicle was lost or damaged, to show similar vehicles with roughly the same mileage could have been purchased by the consumer for what it has valued the vehicle at. But this would need to be accompanied by an explanation of why it thinks the adverts show this, unless it is obvious from the adverts. This approach is set out on our website.

The problem with Admiral's valuation was that it only used three guides to reach it and then didn't provide us with sufficient evidence, along with a suitable explanation, to show that a valuation lower than the four guides we use was fair. The four valuations we obtained ranged from £54,000 to £56,793, whereas Admiral used a valuation of £55,649. And, as I've said, it did not provide sufficient evidence to show this valuation was appropriate.

In the circumstances, I think that the valuation Admiral should have used as its starting point for settlement of Mrs L's claim was £56,793. It was then entitled to deduct the excess from this amount. This means, as our investigator suggested, Admiral needs to pay Mrs L a further £1,143.67 in settlement of her claim. It will also need to pay interest on this amount at 8% per annum simple from one month after Mrs L submitted her claim to the date of payment. This is to compensate Mrs L for being without these funds. I have said interest needs to be paid from one month after Mrs L submitted her claim, as I think Admiral should have considered it, validated it and made the payment due on no later than a month after this. This is what I consider to be a reasonable period for handling what was a fairly straightforward claim. And it seems Admiral took longer than this due to unnecessary delays

in obtaining the information it needed to validate the claim and not keeping on top of the claim generally.

I do of course appreciate Mrs L thinks the valuation suggested by our investigator is too low. And I have seen the adverts she provided which she thinks shows this. Unfortunately, these adverts do not have much detail and don't include the mileage of the vehicles concerned. But, even accepting they were like for like vehicles with a similar mileage, I do not think they show that the highest guide valuation is wrong. I say this because the list of adverts provided by Admiral, which do include mileages, suggest to me Mrs L could probably have replaced her vehicle at the point it was stolen in the retail market at £56,793.

I've also considered the level of compensation Admiral has paid Mrs L for the poor service it provided in three respects. First of all, it took too long to settle her claim and this left her without a replacement vehicle for around 15 days. I say this because I think Admiral should have settled her claim by 9 January 2025, but it didn't make the payment due, based on what it had offered, until 24 January 2025. And it took Mrs L's hire vehicle away on 9 January 2025. Secondly, it is clear its communication was poor generally. Thirdly, it didn't handle arranging the hire vehicle at the beginning very well and left Mrs L without a replacement vehicle for a couple of days longer than should have been the case. However, I am satisfied that a payment of £250 for all of the distress and inconvenience Mrs L experienced because of this is appropriate. I say this because it is in line with what we normally award for this level of distress and inconvenience. And because Admiral has also paid interest to allow for the delay in payment of the amount it said was due to Mrs L.

I appreciate the fact Admiral used the wrong valuation for Mrs L's vehicle also caused her distress and inconvenience. But even if it had used the right one, it is clear Mrs L wouldn't have been happy with it and still would have complained to both Admiral and us. So, I don't think she experienced any more distress and inconvenience purely because Admiral used the wrong valuation.

Putting things right

For the reasons set out above, I've decided to uphold Mrs L's complaint about Admiral and require it to pay her a further £1,143.67 in settlement of her claim, plus interest at 8% per annum simple from one month after she submitted her claim to the date of payment.*

* Admiral must tell Mrs L if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mrs L if asked to do so. This will allow her to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

My final decision

I uphold Mrs L's complaint about Admiral Insurance (Gibraltar) Limited and require it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 21 October 2025.

Robert Short
Ombudsman