

The complaint

Mrs G complains about Admiral Insurance (Gibraltar) Limited (“AIL”) and the settlement amount they paid for her car, after it was deemed a total loss following a road traffic accident.

Mrs G has been represented by her husband and named driver, Mr G, during the claim and complaint process. For ease of reference, I will refer to any comments made, and actions taken by either Mr G or Mrs G as “Mrs G” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Mrs G held a motor insurance policy, underwritten by AIL, when her car was involved in a road traffic accident. So, she contacted AIL to make a claim.

Ultimately, Mrs G’s car was deemed a total loss due to the extent of the damage it sustained. And AIL made a payment to Mrs G’s finance provider, who I’ll refer to as “X”, for the pre-accident value of the car they calculated. But Mrs G was unhappy about this, as it left her with a significant amount left outstanding on her finance that she remained responsible for. So, she raised a complaint.

In summary, Mrs G was unhappy that her premium price was calculated on her car having a value of £160,000. And she set out why she felt AIL had failed to act in line with several regulatory rules and regulations when handling, and settling, her claim. So, because of this and the advice she felt she received when taking out, and renewing, the policy, she felt AIL should pay her the full £160,000 which would in turn allow her to clear the remaining finance.

AIL responded to Mrs G’s complaint and didn’t uphold it, setting out why they felt they had calculated the pre-accident value fairly, in line with standard industry approach. So, they thought Mrs G’s claim had been settled in line with the policy terms and conditions and didn’t offer to do anything more. Mrs G remained unhappy with this response and so, she referred her complaint to us.

Our investigator looked into all Mrs G’s complaints, following initial pushback from AIL. And having done so, they upheld it in part over two outcomes. Both parties have had sight of these and so, I won’t be recounting them in detail. But to summarise, our investigator set out why they didn’t agree AIL had mis-sold, or failed to correctly advise Mrs G about, the policy she took out and renewed.

But they did think AIL’s valuation was unfair, and they recommended this be increased to the highest valuation AIL had obtained, which was £96,280. So, they recommended AIL pay Mrs G the difference between this amount and their initial settlement plus 8% simple interest from the date this original valuation was offered until the date the difference is paid. And they recommended AIL pay Mrs G £350 compensation to recognise the distress and inconvenience she had been caused by AIL’s error.

Mrs G didn't agree, providing extensive comments setting out why. These included, and are not limited to, Mrs G's continued belief that AIL had led her to believe she had taken out a policy that would pay out the £160,000 valuation applied to her policy, that informed the premium she had paid. Mrs G set out why she would have taken different action, such as purchasing a separate GAP policy, had she been advised appropriately by AIL. And because of this, she set out why she felt AIL had acted unfairly, and outside of relevant rules and regulations, when settling her claim as they had. Mrs G also set out the significant implications AIL's decision had on her both financially, and emotionally. As Mrs G didn't agree, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, I want to set out what I've been able to consider, and how. First, I want to reassure Mrs G that I've considered all the information and evidence that's been provided. This includes all the testimony she has put forward and the detailed representations she's made setting out why she feels AIL have acted unfairly, and the impact this has then had.

But in line with our services informal approach, as an alternative to the courts, I won't be commenting on every point she's made. Instead, my decision will focus on the points I'm satisfied are pertinent to the decision I've reached. And I want to be clear this isn't intended as a disservice or to detract in any way from her lived experience and the suffering she's incurred.

It's also not the role of our service to act as the regulator of the industry. So, while I have considered relevant rules and legislation, especially those Mrs G has pointed to specifically, it's not my role, nor the role of our service, to determine whether there has been a breach. Instead, it is my role to consider these to decide whether I'm satisfied AIL have acted fairly and reasonably in how they have handled and settled the claim.

Also, when doing so, I want to be clear that this decision won't be commenting on, or making findings about, the issues she's faced due to the county court judgements ("CCJ") she's received. I recognise Mrs G has encountered challenges with X surrounding the outstanding balance, but this is something Mrs G will need to raise with X directly and if she remains unhappy, refer to our service to be handled under a separate complaint reference.

I then turn to what this decision can consider. And for ease of reading, I've separated the main complaint issues and addressed them under separate headings.

Mis-sale/mis-advice around the policy in question

I note the crux of Mrs G's complaint centres around the sale and renewal of the policy in question. Specifically, Mrs G feels AIL failed to make it reasonably clear that she held a standard policy, rather than an agreed value policy, meaning any total loss settlement would be based around her car's market value at the time of the accident, rather than the value

declared on the policy itself, which her premium reflected.

I note Mrs G feels the initial sales process, which included a sales call, isn't relevant here as it was a separate insurance contract where a new car replacement term was applicable. But I don't agree.

As Mrs G is complaining about the suitability of the policy she held, I'm satisfied the initial sales and inception process is a relevant factor. And I must consider the fact this policy was initially taken on a non-advised basis. So, I've listened to the initial sales call that was held with Mr G on Mrs G's behalf.

On this call, I'm satisfied it was made reasonably clear that the policy was set up based on the information input online initially, as this quotation reference was provided to AIL and their agent asked to confirm all the details were accurate and relevant. And changes were made to ensure previous accidents were recorded correctly. But crucially, I'm satisfied the policy was taken on a non-advised basis and that AIL followed the instructions of Mr G, on behalf of Mrs G, when setting up the policy. And I'm not persuaded AIL provided any information that was misleading at that time.

I've then turned to the renewal of Mrs G's policy, as I recognise the accident occurred following the renewal which was processed in November 2023. Again, I've listened to this call at length. Having done so, I'm satisfied AIL made it reasonably clear to Mrs G that unless the valuation given at inception, £160,000, was amended, it would remain at that value which may impact the premium she was charged.

AIL invited Mrs G to amend this valuation and when they did, I'm satisfied Mrs G showed an awareness that the value was likely to have lessened due to the car's natural depreciation. But she explained she would not be able to estimate this at that time, and I'm satisfied Mrs G was made reasonably aware she could contact AIL to amend this to see if there would be an impact on her premium.

But following this call, I can't see Mrs G recontacted AIL to explore this further. So, I'm satisfied Mrs G had an awareness of her premium, how it may be linked to the valuation provided for her car and that this was set at £160,000 because it carried over by default from the previous year.

Also on this call, Mrs G's contact preferences were discussed, and it was confirmed that Mrs G's policy documentation would be sent to her by post. Mrs G has been able to send us pictures of this documentation and so, I'm satisfied they were received.

I've read through this documentation at length. And within the policy terms and conditions, I'm satisfied it makes it reasonably clear that if AIL pay a cash sum, which for the purposes of clearing an existing finance agreement this would qualify, the most AIL would pay would be the market value of the vehicle.

And market value is defined as the cost of replacing the vehicle based on market prices immediately before the loss happened, explaining this would be based on research from industry recognised motor trade guides.

Further to this, in the accompanying IPID document, it's made reasonably clear again that AIL's settlement wouldn't exceed the vehicle's market value.

As with any customer taking out an insurance policy, our service reasonably expects a customer to ensure they have a full understanding of the policy and the terms and conditions it included. So, if Mrs G was unhappy with this, or felt this failed to provide her with a level of

cover she expected or was suitable to her, I would have expected her to raise this with AIL at the time. But I've seen no evidence to show she did.

So, based on the policy documents and the calls I've listened to, I'm unable to agree AIL mis-sold or mis-advised Mrs G regarding her policy, and the cover it would provide. Nor can I say they have acted unfairly by calculating their premium based on the original valuation provided, as this was the only valuation Mrs G had given, and she hadn't recontacted them to amend it.

I note Mrs G is unlikely to agree with this. And I recognise Mrs G feels strongly that she assumed her policy worked much like an agreed value policy, where she would receive the valuation she declared, rather than the market value.

But within the policy terms and conditions, under "*Extra Conditions*" I'm satisfied it explains clearly that any conditions contained within this section, that included "*agreed value*", would only apply if shown on the current policy schedule.

And within Mrs G's policy schedule, under "*Extra Conditions (Endorsements) – if applicable*" only "*Protected No Claims Bonus*" is listed. Crucially, there is no agreed value condition or endorsement applied. Further to this, within the IPID, I'm satisfied it's made reasonably clear that agreed value would only be a consideration for classic car policies, where a "*Agreed Value Certificate*" is provided. Mrs G's car wasn't a classic car, nor was a certificate supplied.

So, again, I'm satisfied AIL made it reasonably clear to Mrs G within the policy documents about how the policy would operate and the level of cover it offered. And I can't agree they provided mis-leading or conflicting advice when speaking to her directly. Because of this, I'm not directing AIL to take any further action regarding this head of complaint.

Valuation

Even though I'm satisfied AIL didn't mis-sell or mis-advise Mrs G on the cover of the policy she held, I would still expect them to ensure any valuation of her car and so the settlement they paid was calculated fairly, in line with standard industry approach. But I'm not persuaded they have here.

Our service expects an insurer such as AIL to obtain valuations from all four available trade guides when valuing a car. This is standard industry approach when calculating the values of vehicles, as it provides a consistent way for all insurers to obtain valuations to ensure all customers are hopefully treated the same. In this instance, I can see AIL only obtained valuations from three.

And in line with our services approach, once these valuations have been obtained, we would expect an insurer to pay a settlement based on the highest valuation obtained, unless they can provide persuasive evidence to support why a lower value was fair, and more applicable.

In this situation, AIL haven't provided any evidence that satisfies me this is the case. So, I would have expected AIL to pay Mrs G, through clearing her existing finance agreement, the highest valuation amount which I can see is £96,280. But AIL have only paid £92,515 so far, which was an average of the highest two valuations they obtained.

So, I'm satisfied AIL have acted unfairly here, and I will return to this point when discussing

what I'm directing AIL to do to put things right.

Administration

I've also considered the way AIL handled the claim overall, as I recognise Mrs G feels AIL failed to progress her claim correctly, as they should have. I must be clear this is separate to the claim outcome, which I've already discussed above.

Having done so, I'm satisfied that AIL progressed the claim effectively and appropriately for the most part. I can see the situation was made more complex as Mrs G's car was recovered and stored by the police but despite this, I'm satisfied AIL took reasonable steps to ensure Mrs G's car was inspected and a valuation obtained within a reasonable amount of time.

That being said, I can see that following AIL's complaint response, Mr G contacted AIL on Mrs G's behalf to understand further the value of his car at the time of loss. While this came after AIL's complaint response, I'm satisfied it should be considered under this reference under our inquisitorial remit as it is directly linked to the complaint Mr G raised.

I've seen evidence that shows Mr G was told on a live chat that his car was valued at £160,000 at the time of the accident. And while I appreciate AIL's explanation that this answer was provided as this was the value shown on the policy documents, I'm satisfied AIL should have been reasonably aware of the confusion this would cause, considering Mrs G's complaint about the valuation and the way the claim was settled.

I'm satisfied this answer failed to manage Mrs G's expectations appropriately and likely further fuelled her unhappiness and feeling that she had been unfairly treated. So, I'm satisfied AIL also acted unfairly regarding this point.

I then turn to what I'm directing AIL to do to reasonably put things right.

Putting things right

When deciding what AIL should do to put things right, any award or direction I make is intended to place Mrs G back in the position she would have been in, had AIL acted fairly in the first place.

In this situation, as I'm unable to say AIL mis-sold or mis-advised Mrs G regarding the cover of the policy itself, I'm satisfied Mrs G would always have been left in a position where she received the market value of her car, rather than the valuation disclosed on the policy documents. And considering the difference between this and the finance left on her finance agreement, I'm satisfied Mrs G would always have been left in a situation where she'd be left responsible for an outstanding finance amount. And it was ultimately her decision on how, or whether, to settle this amount with X. So, this hasn't impacted the decision I've reached.

But crucially, I do think AIL should have valued Mrs G's car at £96,280, rather than the £92,515 they did. So, to recognise this shortfall, I am directing AIL to calculate the difference and pay this to Mrs G directly, plus 8% simple interest from the date their original settlement was offered, to the date of payment, to recognise the time she was without access to those funds when they could've been used to clear more of her existing finance agreement.

And I note further to this, our investigator recommended AIL pay Mrs G a compensatory payment of £350 to recognise the impact she's been caused that AIL are responsible for. Having considered this recommendation, I'm satisfied it's a fair one that falls in line with our services approach and what I would have directed, had it not already been put forward.

I'm satisfied it fairly recognises the fact that AIL didn't provide Mrs G with the correct valuation initially, and the impact this will have caused. And I'm satisfied it also recognises how AIL's communication after her challenges would have created confusion and failed to manage her expectations as I would expect.

But I'm satisfied it also reflects the fact that a fair valuation would have always left Mrs G with an outstanding finance amount that she would be responsible for. And that ultimately, what she chose to do regarding payment of that amount was her choice to make and not something AIL could impact, or control. So, this is a payment I'm directing AIL to make.

I recognise this isn't the outcome Mrs G was hoping for. And again, I want to reassure Mrs G I've considered all the points she raised, including her reference to regulatory rules and legislation. But I'm satisfied my direction, and award, is a fair and appropriate outcome to recognise the errors that I'm satisfied AIL made and the impact caused to Mrs G that resulted from these, that AIL were responsible for.

My final decision

For the reasons outlined above, I uphold Mrs G's complaint about Admiral Insurance (Gibraltar) Limited, and I direct them to take the following action:

- Calculate and pay Mrs G the difference between their initial settlement and the higher valuation of £96,280;
- Pay Mrs G 8% simple interest on this amount from the date the initial settlement was offered to Mrs G, to the date of payment; and
- Pay Mrs G £350 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 22 August 2025.

Josh Haskey
Ombudsman