

The complaint

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

What happened

Mr M had an Admiral motor insurance policy. In November 2024, he made a claim on his policy after his car was damaged. Admiral declared the car a total loss. It valued the car at £13,289 and paid Mr M this, less the £550 policy excess, to settle the claim.

Mr M didn't accept this. He said he bought his car for just over £16,000 less than a year earlier. The car had "*extensive options*", was in good condition, and adverts show similar cars on sale for £14,500 to £15,000. He wants Admiral to increase its offer.

Our investigator recommended that the complaint should be upheld. He found four trade guide valuations based on the same make, model, year, and mileage as Mr M's car. The highest of these was £14,216. He thought this was a fair market value for the car and recommended that Admiral pay Mr M the difference between this amount and its original valuation, plus interest.

Admiral didn't accept this, 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.

The policy says if Admiral doesn't repair Mr M's car, it must pay him 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.*"

As our investigator explained, 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 value Mr M's car. These gave values of £12,950, £13,050, and £13,867. It offered the average of these, less the policy excess. Our investigator found four valuations based on a similar make, model, mileage, and condition of Mr M's car at the time of loss: £13,900¹, £13,050, £13,867, and £14,216. He thought a fair market value would be the highest of these.

¹ This is the same as Admiral's first valuation, adjusted to include the extras/factory modifications on Mr M's car. The other valuations already take these extras/modifications into account.

Admiral sent us two adverts it found when it valued Mr M's car which it says shows its offer was fair: one at marginally lower mileage for £13,475; and one with 11,000 less miles for £14,495.

Mr M told us he saw adverts from a well-known motor publication for similar cars at £14,500 to £15,000. Those cars were no longer advertised when he came to this service, so he sent us three more adverts for cars of similar make and model as his own. These were for £15,999, £15,595, and £14,490. Mr M said none had the same level of specification as his car, but I also note his car was either one or two years older than those advertised. Mr M also sent us evidence that the colour of his car could increase its value, but I'm satisfied the we've factored this into our valuations.

I appreciate Admiral's points about the adverts it provided and the mileage of those cars. I note other adverts from the same review it carried out when it valued Mr M's car. For example: £15,450 (13,000 less miles), £15,000 (15,000 less miles), and £16,750 (18,000 less miles). Overall, I don't think the adverts totally support Admiral's position. Also, one of Admiral's valuations didn't adjust for extras/modifications, which affected its calculation. That leaves the lowest value an outlier (over £800 less than the other two). On balance, I'm not persuaded that a valuation in line with the highest of the trade guides is inappropriate.

Putting things right

I think Admiral should increase its valuation to £14,216. It should pay Mr M the difference between this and its original valuation, plus interest.

My final decision

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

- Pay Mr M £927 to reflect the difference between £14,216 and its original valuation of Mr M's car.
- Add interest to this sum at 8% simple per year from the original settlement in November 2024 to the date it pays the amount above.

*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 18 September 2025.

Simon Begley
Ombudsman