

The complaint

Mrs L and Mr L complain about Admiral Insurance (Gibraltar) Limited's ("Admiral") valuation of their car following a claim under their car insurance policy.

Mr L has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mrs L or Mr L as "Mr L" throughout the decision.

What happened

Mr L says, following an accident, his car was written-off. Mr L wasn't happy with the settlement being offered by Admiral, so he complained and said the settlement wouldn't allow him to replace his car. Admiral responded and explained they valued Mr L's car at £2,900 and, having deducted the excess of £325, this left an outstanding balance owed to Mr L in the sum of £2,575. They said the policy required them to pay the market value of Mr L's car, and this was defined as the cost of replacing a car with one of a similar make, model, age, mileage and condition. Admiral said they'd used three motor trade guides, and this produced a market value of £2,900.

Our investigator looked into things for Mr L. She thought Admiral hadn't offered a fair settlement and recommended they pay Mr L £3,050 together with 8% simple interest. Mr L disagreed so the matter has come 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've decided to uphold the complaint. And, I think the investigator's recommendation is a fair way to resolve matters.

In the event of a total loss, Admiral are required to pay Mr L the market value of his car. In assessing whether a reasonable offer has been made, we obtain valuations from motor valuation guides. These are used for valuing second-hand vehicles. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research of likely selling prices. The guides refer to advertised and auction prices to work out what the likely selling price for the same vehicle would be.

Mr L is unhappy with Admiral's valuation of his car as he thinks it's worth more. I've seen that Admiral reached their figure by using industry recognised tools to find out the market value of the car. They obtained three valuations: Glass's gave a valuation of £3,050, CAP was £2,750, and AutoTrader was £2,660. Admiral then offered Mr L a market value by calculating the average of the two highest values produced by the guides.

I can see our investigator obtained a valuation using four motor valuation guides. Glass's produced the same valuation as obtained by Admiral but CAP was £2,725 and AutoTrader

was £2,659. Our investigator considered one further motor valuation guide – Percayso which provided a valuation of £2,338. So, while the settlement offered by Admiral is within the range of valuations, I don't think this leads to a fair outcome in the circumstances of this case.

As a service, we think insurers should base their settlement offer in line with the highest available guide unless there is sufficient evidence to persuade us otherwise. The trade guides are experts in this area and use a lot of information when coming to their valuation figures. Admiral haven't provided any additional information beyond the trade guide valuations, so I'm not persuaded that following our current approach isn't fair and reasonable in this instance.

So, I've thought about what a fair valuation would be in the circumstances of this case. When reviewing the motor valuation guides obtained by our investigator, I'm more persuaded that the fair and reasonable outcome in the circumstances of this case is for Admiral to pay the highest of the four valuation guides we use – that is £3,050. I say this because it's in line with our approach. So I do think the fairest valuation is to go with the highest guide. I say this because it means Mr L is more likely able to replace his car with a similar one. So, I think this valuation would avoid any consumer detriment to Mr L in not being able to replace his car for the settlement being offered.

Mr L has provided a document setting out his thoughts on a fair market value and provided details of cars which he believes are similar to his car and therefore should be used to calculate a total loss settlement for his car. Mr L says that the contract he had with Admiral was entered into without any consideration given to his car's mileage and the valuation placed on his car at that time was an average value that didn't take into account the mileage. Mr L says, on this basis, a fair market value for his car would be £5,895 – as that's the price for a similar car he has found. He says the policy terms and conditions say the mileage is considered when arriving at a market value, and if that is the case then his claim should be settled at £4,917 – as that's the average price across a number of similar cars he has found.

In considering Mr L's points, I think it's right and fair to take into account the policy terms and conditions' definition of market value. This defines market value as, "*The cost of replacing your vehicle; with one of a similar make, model, year, mileage and condition...*" Mr L's document shows a car valued at £5,895. This car is a similar make, model and age as Mr L's, but has significantly less mileage. Mr L's car's mileage at the date of loss was just under 175,000 and the advertised car has a mileage of 75,000. It's clear Admiral use mileage as a factor to calculate a fair market value – and I think it's important to add, this isn't unusual or uncommon in the industry. Given that the difference in mileage between the two cars is significant, I'm not persuaded this advert should be used to calculate a fair market value for Mr L's car.

I acknowledge Mr L believes mileage shouldn't be a relevant consideration when determining the market value of his car because, when he took out and renewed the policy, Admiral didn't ask for the current mileage and proceeded to calculate an insured value. I'm not persuaded by this argument though. I say this because, although Admiral might not have asked for details of Mr L's car's mileage when providing a new policy, and in any subsequent renewal, insurers generally won't need this information at that point in order to assess the risk and then rate a policy. This is information though that an insurer will take into account when calculating a market value in the event a total loss settlement needs to be made – and the policy terms and conditions support Admiral's approach in this respect.

Mr L's document also contains a table which shows prices after making adjustments for factors such as age and mileage, together with an explanation for how the adjustments were calculated. Mr L says he searched every used car marketing platform and found 11 cars

which were as close a match to his car that he could find. Mr L's table shows an average price of £4,917. Mr L also says, because his car is more than ten years old, the method used by Admiral to determine a fair market value for his car is limited and unreliable. I have taken Mr L's comments into account, but I'm not persuaded this means our service's approach would lead to an unfair outcome here. I say this because our service, as a starting point, does use motor valuation guides to assess whether a reasonable offer has been made – and in this case all four trade guides provided a valuation. I have considered the adverts provided by Mr L, but these again aren't similar to Mr L's car in all the factors considered by Admiral when assessing a market value – and I'm not persuaded the adjustments applied by Mr L – and the value produced as a result - should be treated as being more reliable than the four motor trade guides.

I'm also not persuaded by the adverts referred to in Mr L's document because, comparing the cars, it's clear mileage is a significant factor affecting the price. For example, one of the car's has a mileage of 126,200 and is priced at £4,495. There's another car, which is similar to this car in relation to make, model and age, but this has mileage of 109,000 and is priced at £5,300. So, there's a difference in mileage of around 17,000 with a price difference of around £800. There's then another car, which again is similar in relation to the make, model and age, and this has mileage of 77,540 and is priced at £6,295. So, in comparison to the car priced at £4,495, there's a difference in mileage of around 49,000 with a price difference of £1,800. The difference in mileage between the car priced at £4,495 and Mr L's car is around 49,000 – so I don't think it would be unreasonable to expect a relatively similar price difference to the £1,800 I've referred to above. That would mean the market value of £3,050 would be fair in the circumstances.

I'm further persuaded mileage is a significant factor affecting the price as another similar car, although one year older, has mileage of 76,436, but is priced at £6,345. Besides the age, the main difference between the cars appears to be the mileage, so I think it's fair and safe to conclude the main issue affecting the price between the cars is the mileage. The car with the nearest mileage to Mr L's car is priced at £4,995 and has mileage of 130,000 – which is still 45,000 less than Mr L's car, and I think that's a significant difference, so I can't say even this car persuades me the motor trade guides shouldn't be followed. So, I'm not persuaded by the adverts provided by Mr L in this document. I can see our investigator found a car similar to Mr L's car, although one year older and with just over 30,000 less mileage, and this was priced at £3,295. I accept this was only one car but, in also taking into account the motor trade guides and what I've said above about the adverts provided by Mr L, I'm more persuaded £3,050 is a fair valuation.

Therefore, Admiral need to pay Mr L a total of £3,050 as the market value for his car, subject to the remaining policy terms. Although Admiral offered Mr L a settlement of £2,900, I can't see any payment has been made. Given that I don't believe this settlement was fair and Mr L hasn't been in receipt of this money sooner, Admiral should also add 8% simple interest per year to this amount from the date they offered Mr L their settlement to the date they make payment to Mr L.

I wish to reassure Mr L I've read and considered everything he has sent in – which includes a further document he provided following our investigator's view. So, if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a courtesy and is a reflection of the informal nature of our service.

Putting things right

I've taken the view that Admiral haven't offered Mrs L and Mr L a fair valuation for their car. So, Admiral should pay Mrs L and Mr L a market valuation of £3,050, subject to the remaining policy terms, together with 8% simple interest per year on this amount from the date they made their offer to Mrs L and Mr L to the date they make payment. Admiral should provide Mrs L and Mr L with a certificate showing any taxation deducted.

My final decision

My final decision is that I uphold the complaint. Admiral Insurance (Gibraltar) Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 23 December 2025.

Paviter Dhaddy
Ombudsman