

The complaint

Miss S complains about the settlement offered by Admiral Insurance (Gibraltar) Limited following a claim on her motor insurance policy.

What happened

The background to this complaint is well known to Miss S and Admiral. Rather than repeat in detail what's already known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Miss S had a motor insurance policy with Admiral. Following an accident, she made a claim against her policy. The claim was accepted and a total loss settlement offered. Miss S rejected the settlement offer, as she said she couldn't replace her car with what was offered. Miss S raised a complaint and after AXA didn't uphold it, she referred it to our Service for an independent review. Our Investigator considered the complaint and recommended that it be upheld.

As Admiral didn't accept the recommendations, the complaint has been referred 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

It's not the role of our Service to value cars in these types of disputes. Instead, it's our role to decide if, on balance, Admiral have fairly acted in line with the policy terms and paid Miss S a fair market value for her car to enable her to purchase a replacement car. More details can be found here: <https://www.financial-ombudsman.org.uk/businesses/complaints-deal/insurance/motor-insurance/vehicle-valuations-write-offs>

My key findings

Admiral referred to the motor valuation trade guides when calculating their settlement offer. They said four of the guides had values of: £6,525, £6,996, £7,170 and £7,610. Admiral explained they discounted the highest and the lowest of the guides and took the average of the two middle guides. I've thought very carefully about the approach taken.

Admiral have said “...the highest guide value of £7,610 stands out significantly compared to

the other guide valuations.” But the difference between the highest and second highest guides was £440, or 6%. I don’t consider this a huge outlier relative to the next highest valuation.

Given the value of the car and the relatively small difference between the second highest and highest guides, I find it was unreasonable to discount the highest guide valuation of £7,610. However, If Admiral can sufficiently demonstrate that offering a lower settlement indemnifies Miss S – that may still be fair.

Miss S says the settlement offered by Admiral (£7,273.50) was insufficient to indemnify her and she’s supported her position with adverts. Admiral have provided details of adverts which they say are comparable with Miss S’s car. I acknowledge that Miss S’s car had a higher mileage than the referred to adverts and I accept that often, higher milage *can* depreciate the value of a car. Two of the adverts were for cars which were the same age as Miss S’s car and they were for £8,150 and £7,899. Both adverts were around £900 more than the settlement offered to Miss S. I also note that Miss S has referred to the general excellent condition of the car and a full-service history. Admiral were offered the opportunity to challenge this by inspecting the car but chose not to, and Miss S offered to provide photo evidence.

Admiral will be aware that our Service’s approach to valuation disputes isn’t simply to pay the highest of the valuation guides. If Admiral wants to offer lower, it must sufficiently demonstrate that a lower offer would fairly indemnify Miss S. Based on the available evidence, on balance, I’m not satisfied that the settlement offer of £7,273.50 does sufficiently indemnify Miss S in line with the policy terms.

Miss S purchased a new car costing £11,850, funded though using her savings and financial help from friends and family. I’m satisfied that Admiral made it clear that Miss S could accept payment on a without prejudice basis – meaning she could later challenge it. I won’t be directing Admiral to compensate Miss S for any borrowing costs incurred.

Other points raised by Miss S

Miss S had initially referenced the pressure being without a car put on her employment and other costs incurred. But she’s recently told us:

“I want to emphasise my complaint is purely focused on the claim amount Admiral offered and how this did not reflect the market value of my vehicle.

The believe the above information is relevant to the case and that Admirals valuation caused additional stress and costs. However, I do not seek additional compensation for costs incurred.”

Therefore, I’ve not considered these points any further. As our Investigator has already said, if Miss S has incurred costs, she has the option of presenting these to Admiral for their consideration.

Putting things right

- Admiral Insurance (Gibraltar) Limited need to pay Miss S a total of £7,610 in settlement of her motor insurance claim. Although it appears no settlement has yet been paid, if it has, any settlement already paid can be deducted from this figure.
- 8% simple interest* per annum will need to be added to *the difference* between the date settlement (£7,273.50) was offered and the figure £7,610.

I'm *not* directing Admiral to add 8% simple interest on the initial settlement offered, because I'm satisfied they raised an interim settlement on a without prejudice basis - and Miss S rejected it from her bank account.

*If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss S how much it's taken off. It should also give Miss S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs, if appropriate.

My final decision

My final decision is that I partially uphold this complaint. Subject to Miss S responding to accept my decision before the deadline below, I direct Admiral Insurance (Gibraltar) Limited to follow my direction, as set out under the heading 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 17 September 2025.

Daniel O'Shea
Ombudsman