

The complaint

Mr H complains about the amount Admiral Insurance (Gibraltar) Limited (Admiral) have paid to settle the claim he made under his motor insurance policy.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

In March 2025 Mr H was unfortunately involved in an accident and so reported a claim to Admiral under his motor insurance policy. Admiral declared Mr H's vehicle as a total loss and said it would settle Mr H's claim by paying him the market value of the vehicle minus any applicable policy excess. It valued Mr H's vehicle at £2,325.75. Mr H didn't agree with the value Admiral had placed on his vehicle and so raised a complaint.

On 19 March 2025 Admiral issued Mr H with a final response to his complaint. It said it had checked the valuations provided by valuation guides and considered evidence where available and was satisfied the value it had placed on Mr H's vehicle was fair. Mr H didn't think this was reasonable and so referred his complaint to this Service.

Our investigator looked into things. She said she didn't think the value Admiral had placed on Mr H's vehicle was a reasonable one. She said this Service had consulted two motor valuation guides which provided valuations of £2,405 and £3,363 respectively. She said she thought Admiral should pay the highest guide valuation unless it could evidence a lower valuation was fair and she didn't think it had done so. She said Admiral should settle Mr H's claim by valuing his vehicle at £3,363 and pay 8% per year simple interest on the additional settlement due.

Mr H accepted our investigator's view but Admiral disagreed with it. It said it thought the highest motor guide valuation was an outlier and it had provided evidence the value it had placed on Mr H's vehicle was a reasonable one.

As Admiral didn't agree with our investigator, the complaint has been passed to me to decide.

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.

I want to acknowledge I've summarised Mr H's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr H and Admiral I've read and considered everything that's been provided.

The role of this Service isn't to work out exactly what the value of an individual vehicle is. We

look at whether the insurer has applied the terms of a policy correctly and valued the vehicle fairly. Under the terms of Mr H's policy, Admiral had to pay the market value of Mr H's vehicle minus any policy excess.

The terms define 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.'*

It's standard practice for the industry to use valuation guides to work out the estimated value of a vehicle, and it's not unreasonable that it does so. I find these to be persuasive as they're based on nationwide research of likely sales prices.

Admiral assessed the value of Mr H's vehicle by using one valuation guide which provided a valuation of £2,405. The two other valuation guides it consulted didn't return a valuation, but it consulted an engineer who valued Mr H's vehicle at £2,246.50. It calculated the value of Mr H's vehicle as the average of these two figures. This Service consulted a further valuation guide which produced a valuation of £3,363.

Where the valuation guides give a range of values, we'd compare the insurer's valuation against the highest guide valuation produced by the guides unless there was something to suggest this isn't a fair reflection of the amount similar cars sell for on the open market.

Admiral has said it considers the highest guide valuation to be an outlier, but I don't think it's provided persuasive evidence to demonstrate this is the case. Its engineer has said they reached a valuation of £2,246.50 based on two similar vehicles on the market and then made an adjustment to take into consideration the low mileage of Mr H's vehicle. However, I've not seen evidence of the two similar vehicles available for sale which the engineer has based their valuation on. Additionally, I don't think a valuation based on two market examples is more persuasive than the market guide valuations, particularly given the two market examples had a significantly higher mileage than Mr H's vehicle. Overall, I don't think Admiral have provided persuasive evidence the highest guide valuation is an unreasonable one.

I can also see Mr H purchased his vehicle for £4,000 eight months prior to the accident. And whilst I acknowledge this doesn't necessarily demonstrate its value, and the vehicle has likely depreciated in this time, I think it does give an indication the highest guide value is likely to be a reasonable reflection of the value of Mr H's vehicle at the time of the accident.

Mr H has provided examples of vehicles for sale which he says show his vehicle has a greater value than Admiral have placed on it. However not all of these adverts are like for like, and I've not seen enough market examples of similar vehicles to Mr H's to persuade me the highest guide valuation is an unreasonable value for Mr H's vehicle.

Taking all of the evidence into consideration, I don't think Admiral have demonstrated the value produced by the highest guide valuation is an unreasonable one and so it should settle Mr H's claim by valuing his vehicle at £3,363

My final decision

For the reasons I've outlined above I uphold Mr H's complaint about Admiral Insurance (Gibraltar) Limited. I require it to:

- Pay Mr H an additional settlement of £1,037.25
- *Pay 8% per year simple interest on this amount calculated from the date it initially offered Mr H the settlement to the date it pays the additional amount due.

*If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate 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 H to accept or reject my decision before 3 October 2025.

Andrew Clarke
Ombudsman