

The complaint

Miss B complains about the settlement that Admiral Insurance (Gibraltar) Limited offered her for the total loss of her car following a claim made on her motor insurance policy. She wants it to increase its offer by £4,000.

What happened

Miss B's car was damaged in an accident, and she reported this to Admiral. Miss B decided to go ahead with a claim and Admiral decided from her description that the car was likely to be a total loss. This was later confirmed by an engineer's review of photographs of the damage caused. But Miss B thought the car could be repaired. Admiral offered Miss B £13,316 as the market value of her car. But Miss B said she couldn't replace her car for under £17,000.

Our Investigator recommended that the complaint should be upheld. He thought Admiral had reasonably decided that the car was a total loss based on the engineer's desk-top assessment.

But he thought Admiral hadn't paid Miss B the highest of the valuations provided for her car in the motor guides we use, and he thought it hadn't justified paying a lower offer. He also thought Miss B hadn't provided persuasive evidence to show that she couldn't replace her car for this amount. So he thought Admiral should increase its valuation to £13,773, adding interest to the difference.

Miss B replied that she accepted the Investigator's view, though she thought she wouldn't be able to replace her car like for like for the increased settlement. But Admiral replied that it thought its settlement offer was fair as the recommended increase was comparatively very small. It thought it had provided a settlement within the range of the valuations provided by the guides. Admiral asked for an Ombudsman's review, so the complaint has come to me for 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.

I can understand that Miss B wants a fair settlement for the loss of her car. And I can see that she is concerned that Admiral decided that it was a total loss without making an estimate of the costs of repairs.

But I can see that Admiral first decided that the car was a total loss after hearing Miss B's account of the accident and description of the damage caused. Its engineer later examined the photographs of the car sent in by Miss B and he decided that there was likely to be further damage that would be evident when the car was repaired. And so Admiral deemed the car to be beyond economical repair.

I think Admiral is entitled to make this decision by the policy's terms and conditions. And I think it treated Miss B fairly by relying on its engineer's assessment. I think it's industry practice for engineers to assess damage using photographs. And so I can't say that Admiral did anything wrong in this. As our Investigator has explained, if Miss B is unhappy with the

car's salvage and re-sale, then she should firstly raise this Admiral to give it a chance to respond. I'm unable to consider these concerns here.

Looking at Admiral's settlement offer, Miss B's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet 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."

The Investigator has explained this service's approach to car valuations. We don't provide valuations for cars but look to whether the insurer's offer is reasonable. In most cases, we assess the market value as the price which the consumer would have had to pay for a comparable vehicle across the various markets, immediately before the time of the damage or loss.

This could be slightly less than advertised retail prices, although this will depend on the most likely market for the particular age and model of vehicle. Because of recent changes in the market, we are increasingly hearing of cars selling either for or close to their advertised price.

Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor guides most persuasive. These guides are based on extensive nationwide research of likely selling prices. We also take all other available evidence into account, for example, engineer's reports, advertised prices and independent valuations.

Our Investigator thought Admiral's settlement offer wasn't fair and reasonable. So I've checked how he came to this conclusion. I can see that he looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Miss B's car at the date of its loss.

Given the current challenges in the used car market the motor valuation guides have a wider range of values than we have seen previously. And we think going by the highest will ensure consumers have received a fair offer, allowing them to replace their car with one of the same make, model and specification. So we now expect insurers to pay the highest of the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

Miss B provided adverts for similar cars advertised at higher prices. And I have considered these and looked to see where the advertised cars are identical to Miss B's. But these were later years and different models to hers. Admiral also provided adverts for similar cars advertised at prices higher and lower than its offer to Miss B. But I don't think any of these were close enough to Miss B's car to be persuasive that Admiral should pay more or less than the value produced by the highest guide.

Admiral had provided a valuation of £13,316, which was towards the lower end of the valuations provided by the guides. I don't think it has justified its decision not to pay the highest valuation. And so I'm not persuaded that Admiral's offer was fair and reasonable as it wasn't made in keeping with our approach and the policy's terms and conditions.

I require Admiral to increase this to the highest valuation provided by the guides, £13,773. And as Miss B has been without her money for some time, it should add interest to the difference between its interim offer and this final settlement.

Putting things right

I require Admiral Insurance (Gibraltar) Limited to increase its valuation of Miss B's car to £13,773 and pay her the difference between this amount and its initial payment. Interest

should be added to this increase at the rate of 8% simple per annum from the date of the initial payment to the date of final settlement.

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

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 9 October 2025.

Phillip Berechree
Ombudsman