

The complaint

Mr J complains about his insurer, Admiral Insurance (Gibraltar) Limited (Admiral), deeming his vehicle a total loss after an accident. He's also unhappy at the valuation Admiral placed on the vehicle, an overseas import, as well as Admiral's overall handling of his claim.

Any reference to Admiral in this decision includes their agents.

What happened

In January 2025 Mr J's vehicle was involved in an accident. Mr J contacted Admiral to tell them about the accident. He advised his vehicle was an import into the UK and was hoping it could be repaired. Admiral advised there was a high probability the vehicle would be deemed a total loss due to the age of the vehicle and damage sustained. Their in-house engineers would review and confirm the outcome. Admiral also set out the process where a vehicle was a total loss, including the option to retain the vehicle.

As Mr J's vehicle was an import into the UK, Admiral couldn't use recognised industry valuation guides to provide valuations for Mr J's vehicle. They commissioned an Independent Assessor (IA) to prepare a valuation report. The first report referred to market research and three examples of vehicles like Mr J's, priced at £6,490, £7,999 and £8,877. The average of the three was £7,788.67. IA then made an adjustment (reduction) of £1,088 to reflect the mileage on Mr J's vehicle (93,557) being higher than the average of the mileage on the three example vehicles. The adjustment reduced the valuation to £6,700.67. This was further reduced by the policy excess of £750 and a salvage value of £1,608.16 (should Mr J wish to retain the vehicle) to leave a net settlement of £4,342.51.

In addition to the IA report, Admiral assessed the vehicle to be a Category N Total Loss (non-structural damage) based on photographs of the vehicle. Although they noted this could change, should further damage be identified from a detailed inspection. Admiral told Mr J the category meant the vehicle could be repaired, should he elect to retain it, then returned to the road after a fresh MOT test.

However, Mr J wasn't happy with the valuation, thinking it too low. He estimated the value of his vehicle, was a limited edition model with many optional extras, to be in the range £9,000 to £12,000. So, he complained to Admiral.

Admiral didn't uphold the complaint. In their initial final response, issued in March 2025 (before the error in the mileage of Mr J's vehicle was identified), they confirmed a settlement valuation of £6,700.67 and the deductions of £750 for the policy excess and £1,608.16 for the salvage value of the vehicle.

Mr J then complained to this Service. He was unhappy at the valuation of his vehicle, saying its value was some £12,000 and didn't think Admiral's settlement offer was based on a true like-for-like comparison. He wanted Admiral to increase their offer to allow him to purchase a comparable replacement vehicle. His vehicle was a limited edition model with additional extras and so a unique specification.

However, the mileage figure of 93,557 used in the valuation of Mr J's vehicle was in kilometres, not miles, reflecting it being an import to the UK. Converting the figure correctly gave a mileage of 58,133. Applying this figure to the valuation meant a mileage adjustment of +£1,123 and a revised valuation of £8,911.67. Applying deductions of £750 for the policy excess and £2,495.27 for salvage left a net settlement of £5,666.40. Admiral made payment of the revised settlement in mid-March 2025.

When providing their business file as part of our investigation of the complaint, Admiral made a pro-active offer of £250 compensation for the distress and inconvenience caused by the mileage issues and the overall service they'd provided during the claim. Admiral also revised their settlement offer to reflect the valuation of Mr J's vehicle included in IA's revised report to allow for the correct mileage of Mr J's vehicle (£8,911.67). The revised valuation was then adjusted for the policy excess of £750 and adjusted salvage value of £2,495.27.

Mr J declined Admiral's offer, maintaining his complaint be investigated. He said his vehicle had been returned and it had been repaired and passed an MOT test. He'd also re-insured it with Admiral. He still thought Admiral's valuation too low, and they didn't offer him the opportunity to have his vehicle repaired at a garage of his choosing (rather than deeming it a total loss). Nor had they handled the claim well throughout.

Admiral issued a second final response in April 2025, addressing further complaint points from Mr J. He said his vehicle was wrongly deemed a Category N total loss (non-structural damage) even though he had repaired the vehicle at a cost of £380. Admiral didn't uphold this aspect, saying the evidence from their engineers supported the decision. But if Mr J provided evidence to challenge the categorisation, they would consider it. But Admiral upheld the other two elements. They accepted Mr J wasn't advised of the non-approved repairer process at the start of the claim. Admiral said they should have done so, given Mr J said he did not want his vehicle declared a total loss. Admiral also accepted the IA made a mistake with the valuation of the vehicle (using an incorrect mileage) meaning an amended valuation was provided in their second report.

In recognition of their errors, Admiral awarded £100 compensation for distress and inconvenience, plus £19.87 interest on the £5,666.40 total loss payment (calculated at 8% between the dates of the first and second IA report).

Our investigator upheld the complaint, concluding Admiral hadn't acted fairly. On the valuation of Mr J's vehicle, as it was an overseas import, none of the recognised industry valuation guides we would normally use to provide indicative vehicle valuations would return valuations. For the same reason, nor would they provide any indication of whether the optional extras, upgrades and other features of Mr J's vehicle would add value to his vehicle. In that situation, a fair valuation would need to be based on other evidence, such as vehicles advertised for sale. The IA report referred to examples of vehicles like Mr J's vehicle but for mileages significantly greater (once the correct mileage for the latter was considered). While Admiral adjusted their valuation for the mileage issue, other evidence suggested it was still lower than some vehicles advertised for sale. So, the Investigator thought Admiral should revisit their valuation based on the open market, which she thought likely to lead to a higher valuation. She also thought Admiral should add interest to any increase they might make.

On the issue of Mr J not being made aware of the option to use a non-approved repairer, the investigator noted Admiral accepted they should have made this clearer and sooner – although the gap was only a couple of days. On Admiral's decision to deem the vehicle a total loss, the investigator noted this was supported by review of images of the vehicle by both the IA and by Admiral's in-house engineer. And as Admiral didn't have sight of the repair estimate (and cost) of the repairs Mr J had carried out to his vehicle, it wasn't unreasonable for Admiral to have arrived at their decision to deem the vehicle a total loss.

On the categorisation of the vehicle as a Category N (non-structural damage) total loss, the investigator hadn't seen any engineer or other expert opinion or report to suggest the vehicle should have been categorised differently. So, it wasn't unreasonable for Admiral to rely on their engineer opinion that the vehicle should be deemed Category N. On the overall handling of the claim, considering the delays, error over the vehicle mileage and other circumstances of the case, the investigator thought Admiral's revised, total offer of £350 compensation was fair.

Mr J disagreed with the investigator's view and asked that an ombudsman review the complaint. Given the cost of the repairs he had carried out on the vehicle (which he estimated to be less than 4% of the vehicle's value) he didn't think it was reasonable the vehicle was categorised as a total loss. No parts were required in the repairs as it only needed removal of scratches and a bodywork dent (and some paint). He also noted his vehicle was a limited edition model.

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.

My role here is to decide whether Admiral has acted fairly towards Mr J.

The key issues in Mr J's complaint are, firstly, the valuation of his vehicle. He says Admiral's valuation is too low, thinking the market value of his vehicle significantly higher. Admiral say their [revised] valuation is fair. A second issue is whether it was fair and reasonable for Admiral to deem Mr J's vehicle a total loss, based on their engineer's opinion (and that of their salvage agent). Mr J says the vehicle shouldn't be deemed a total loss and a Category N total loss, citing the repair of his vehicle for £380 and subsequent passing its MOT (and insurance with Admiral). Mr J wants the Category N marker removed. A linked issue is whether Admiral made Mr J aware of the option to use a non-approved repairer when he first told them about the accident and made his claim.

In considering the issues, I've first considered the issue of Admiral deeming the vehicle to be a total loss. That's because their decision to deem the vehicle a total loss then led to their valuation of the vehicle and total loss settlement.

When considering Admiral's decision to deem the vehicle a total loss, it's important to note the role of this Service isn't to determine whether a vehicle should or should not be deemed a total loss, as that's the role of Admiral as the insurer. So, our role is to determine whether Admiral acted fairly and reasonably in coming to their decision. It's also important to note this is also based on the information and evidence available to Admiral at the time, rather than with the benefit of hindsight and what subsequently happened. In this case, what Mr J has told us about the actual cost he incurred in repairing the vehicle after it was returned to him following Admiral's total loss settlement.

Looking at the evidence and information available, Admiral's decision was based on Mr J's description of the damage along with photographs of the vehicle. Their system and engineer review concluded there could be more damage that would only have been identified on a full strip down of the vehicle. In the absence of a more detailed inspection of the vehicle, Admiral could not be certain whether there was more damage (which might have indicated the damage was structural rather than non-structural) so the judgement of the engineer was that the total loss category should be Category N (non-structural damage). The vehicle was also inspected by Admiral's salvage agent. Their 'Category Confirmation Report' on the vehicle concludes, under a heading *Category Justification*:

“N – This vehicle has been inspected by an appropriately qualified person and deemed uneconomical to repair, to be dealt with as Non-Structural Salvage.”

The report notes category confirmation completed via images.

Given the views of both their in-house engineer and of their salvage agent, I don't think it was unreasonable for Admiral to rely on these when deeming the vehicle to be a total loss. I've also noted the policy terms provide for Admiral to decide how to treat loss or damage of a vehicle, whether to repair it or deem a vehicle to be a total loss. It's also relevant to note where a vehicle is deemed a total loss and is retained and subsequently repaired by a consumer, the cost of those repairs may be significantly lower than it might have taken the insurer to repair. And the precise nature of the damage can't be known definitively until repairs are carried out and the vehicle inspected in detail by the repairer. But this doesn't mean the original decision to deem the vehicle a total loss was unfair or unreasonable, as these factors, by definition, couldn't have been known at the time.

So, I've concluded it wasn't unfair or unreasonable to deem the vehicle a total loss.

A linked issue is whether Admiral should have provided Mr J with the option to engage his own repairer, to assess the vehicle and provide an estimate of repair costs. Mr J argues this would have identified the very low cost of repairs, which in turn would mean the vehicle should not have been deemed a total loss. Again, this relies on the benefit of hindsight about what subsequently happened when the vehicle was returned to Mr J and repaired. I've also noted Admiral accept they should have made Mr J aware of this option when he first notified them of the accident – but that he was advised of the option two days later. That being the case, I don't think Mr J suffered significantly from the initial oversight.

A necessary consequence of Admiral deeming the vehicle a total loss was their decision to categorise the vehicle as a Category N (Non-Structural damage) total loss. Mr J says that, because he doesn't think the vehicle should have been designated a total loss (because of the low cost of subsequent repairs) this means the category marker should be removed. He says the marker has affected the value of his vehicle (and the cost of his insurance of the vehicle, with Admiral). However, I don't agree it would be reasonable to simply remove the marker. Admiral have paid a total loss settlement to Mr J under the terms of the policy. As such, this needs to be recorded, and an appropriate category assigned to the total loss.

As Mr J has been paid a total loss settlement, then he has (subject to my consideration of the valuation issue) been paid the market value of his vehicle (with appropriate deductions for the policy excess and the salvage value of the vehicle). He's received a net payment of £5,666.40. He's had his vehicle repaired (at a cost of £380) and so he's back in the position he was before the accident, in terms of having a repaired vehicle back on the road. To remove the marker in isolation would be inconsistent with having received the total loss settlement. That is, he would have a repaired vehicle with no record of it being the subject of a total loss settlement but having received a total loss settlement. That would put him in a better position than he was before the accident. In other words, he would have received the benefit of a total loss settlement (the payment) but without the downside of a total loss marker. I don't think that's reasonable. Nor would it reflect the reality of the situation where the vehicle has been a total loss.

Admiral, in their second final response, said they would consider any engineer or other expert report that indicated the vehicle should be considered a total loss (with the associated total loss category). I don't think that's unreasonable. I understand Mr J's point that without access to the vehicle until it was returned, he couldn't do this, but he would have the opportunity at that point.

Having concluded it wasn't unreasonable for Admiral to deem the vehicle a total loss, I've then considered the issue of how Admiral calculated their settlement valuation. I've first looked at what the policy provides for. In cases of total loss, the policy provides for the market value of the vehicle to be paid. Market value is defined in the policy as:

"The cost of replacing your vehicle; with one of 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. The value is based on research from industry recognised motor trade guides."

As a Service, our approach to vehicle valuations starts by looking at an insurer's valuation, which we generally expect to be based on relevant industry valuation guides. We'd expect an insurer's valuation to be based on the highest valuation guide figure (or higher). If it was, then we are likely to say it's fair, unless there's other evidence to say this is unfair (and an insurer can evidence their offer is fair when it's lower than the highest guide value).

However, as set out earlier, as the vehicle was an import to the UK, none of the usual valuation guides would provide a valuation. So, it was reasonable for Admiral to engage IA to provide a valuation, based on market research. As I've set out, their initial valuation was based on three example vehicles in the market, taking an average of the three values. An adjustment was made for the mileage figure for Mr J's vehicle thought higher than the average mileage of the three vehicles. However, there was an error as the first IA report took the odometer reading from Mr J's vehicle to be in miles, whereas it was (as an import) in kilometres. The second report produced a revised valuation based on the correct mileage reading. So, what was previously a reduction for the (incorrect) mileage figure of Mr J's vehicle then became an addition for the actual (lower) mileage.

When bringing his complaint to this Service, Mr J provided other examples of vehicles like his own advertised for sale. While some were newer with lower mileages, others were closer to Mr J's vehicle in age and mileage. For example, one of the same age with a slightly higher mileage (64,000) listed at £9,995. I've also taken account of what Mr J has said about his vehicle being a limited edition model with further optional extras. While it's difficult to know what impact these would have on the vehicle's valuation, given its age and status as an import, they may also have had a bearing on the vehicle valuation.

It isn't my role to value a vehicle, but to conclude whether Admiral acted fairly and reasonably in their own valuation. Given the evidence and examples provided by Mr J, I've concluded Admiral's valuation **may** (my emphasis) be lower than the market information would suggest. So, I can't definitively conclude their valuation was fair and reasonable.

To put things right, I think Admiral should reconsider their valuation, using the examples provided by Mr J alongside any other available market information they can obtain. Should this lead them to conclude a higher valuation would be appropriate, they should re-calculate the settlement figure (including the appropriate salvage deduction, which is based on the valuation starting figure). Should that increase the settlement, they should also pay interest, at a rate of 8% simple, from the date they paid their settlement to the date they pay any revised settlement.

Turning to the overall handling of the claim, Admiral acknowledge some shortcomings in their final response. It was also unfortunate their initial valuation wrongly took the odometer reading to be in miles when it was in kilometres, leading to delay and inconvenience for Mr J. So, I've concluded Admiral's handling of the claim could have been better.

Admiral, when providing their business file, made a proactive offer to settle the complaint, of £250. They also, subsequently awarded £100 compensation in their second final response, making a total of £350. I've considered the circumstances of the case as well as the published guidelines from this Service on our approach to awards for distress and inconvenience. I've concluded Admiral's total offer of £350 is fair and reasonable, so I won't be asking them to increase the award. But they should pay the compensation, if they haven't already done so.

My final decision

For the reasons set out above, my final decision is that I uphold Mr J's complaint. I require Admiral Insurance (Gibraltar) Limited to:

- Reconsider their settlement valuation, using the examples provided by Mr J alongside any other available market information they can obtain. Should this lead them to conclude a higher valuation would be appropriate, they should re-calculate the settlement figure (including the appropriate salvage deduction).
- Pay the difference between any re-calculated settlement and the original settlement and pay interest on the difference from the date of their original settlement payment to the date they pay any additional settlement.
- Pay Mr J £350 compensation for distress and inconvenience (or pay the balance of the sum if they've already paid part of it).

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date we tell them Mr J accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 6 November 2025.

Paul King
Ombudsman