

The complaint

Mr C has complained about the market value Admiral Insurance (Gibraltar) Limited paid when he made a claim under his car insurance policy.

What happened

Mr C made a claim to his insurer Admiral. Admiral decided to settle Mr C's claim by paying the market value of his car as it wasn't economical to repair.

Mr C had purchased the car two months before his claim for £75,000. Admiral paid a market value of £69,981.40. Mr C said the value placed on his car by Admiral wasn't enough for him to be able to buy a similar replacement car. So he complained to Admiral, but it didn't uphold his complaint.

One of our Investigators recommended Admiral increase the valuation to £75,000, the amount Mr C had paid for the car two months before his claim. The Investigator found one of the trade guides produced a valuation very close to the amount Mr C paid for his car. So he found these two pieces of evidence the most persuasive in reaching a fair outcome.

Mr C accepted the Investigator's findings. Admiral didn't agree. In summary it says the guide this service has relied on is much higher than the other guides and as such should be treated as an outlier, in line with our approach. It says it provided opinion from its engineers along with adverts to support the valuation Admiral paid, which it believes was reasonable.

So Admiral wants an ombudsman 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.

When looking at valuation complaints, we look at what the policy says and whether an insurer reached its valuation in a reasonable way.

Mr C's policy with Admiral – like all other standard motor insurance policies – says the most it will pay in the event of a claim is the market value of his car. It defines the term '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.”

In line with our approach, Admiral needs to show the valuation it gave was enough to allow Mr C to purchase a replacement vehicle.

We find the main motor trade guides to be a reliable way to reach a fair valuation. They provide average valuations for a car of the same make, model, specification, age, condition

and mileage as Mr C's for the month of loss. We also consider other evidence such as adverts and engineer reports, and consider which evidence is more persuasive and therefore carries more weight in deciding a fair valuation.

We think it is fair for an insurer to look at all of the available guides. If one guide is significantly higher than the other guides, we won't automatically discount it – unless there is something to suggest it's wrong.

Where an insurer has offered less than the higher valuation, it needs to show what it has paid is reasonable. The evidence provided needs to be persuasive to justify a lower value as a fair market value.

In this case the highest guide produced a valuation of £75,750. The remaining guides produced valuations ranging from £68,228 to £69,250. Admiral was aware that Mr C had purchased the car for £75,000 two months before his claim. Mr C said he negotiated the price with the dealer from £80,000, reducing the final sale price by £5,000.

Admiral says this shows that the purchase price was influenced by individual negotiation rather than market value. Admiral says using the amount paid in this specific transaction as the basis for valuation risks conflating personal negotiation outcomes with objective market worth.

However, I think the circumstances in his case are that the loss of the vehicle was very close to the date Mr C paid a competitive price for his car. And one of the main motor trade guides sits very closely with the recent actual selling price of the car in question. For this reason, I don't think the highest trade guide is wrong.

Admiral's engineer's valuation said;

"we are unable to comment or make any adjustment within the valuation for pre-incident damages, extras or modifications nor are we able to place a salvage category on this vehicle, this is due to no images of the vehicle being received by ourselves from the insurer."

The engineer place a valuation of £68,098.87, which Admiral later increased to £69,981.40.

Admiral says at the time it wasn't possible to obtain valuations from the trade guides, so it relied on the engineer's opinion alongside the example adverts provided.

I've looked at the adverts which range from £64,995 to £70,995. While they are similar, they are not for the same year, specification or mileage as Mr C's car. Mr C said there was one advert for a similar car which was for sale at £77,000 but hasn't provided a copy of the advert.

I appreciate that Admiral says the engineer made an adjustment for the differences to Mr C's car against the example adverts. But with not being able to view the car or rely on guides, I don't find the engineer's evidence to be more persuasive than the evidence of recent sale and the highest of the available trade guides.

I find that the highest of the motor trade guides supports a reasonable market value for Mr C's car, based on the price he recently paid for his car. So I find these two pieces of evidence to be more persuasive in this case in reaching a fair valuation. I appreciate that Admiral says the guides were not available at the time. But I find that the guide supports that a market value of £75,000, which is the price Mr C paid for the car two months before, is a fair one and represents an amount Mr C requires to buy a similar replacement car.

I don't find that Admiral caused unreasonable or avoidable delay when dealing with Mr C's claim. So while I understand Mr C was understandably upset and disputed the market value paid, I think a fair outcome is for Admiral to pay interest on the difference in the market value settlement. I don't find Admiral should pay Mr C compensation for any poor service.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- Increase the market value settlement to £75,000 for Mr C's car.
- Pay interest on the difference from the date one month from the claim or the date Admiral paid the original settlement – whichever is earlier.
- Interest is payable at a rate of 8% simple interest a year.

If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C 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 C to accept or reject my decision before 23 September 2025.

Geraldine Newbold
Ombudsman