DRN-5766421

The complaint

Mr B complains about the valuation placed on his vehicle by Admiral Insurance (Gibraltar) Limited ('Admiral') following a claim he made under his motor insurance policy.

What happened

Mr B's vehicle was damaged after being involved in an accident in November 2024. He made a claim under his motor insurance policy with Admiral. They reviewed the damage caused and said Mr B's car would be deemed a 'total loss'. They said it would cost more to repair the vehicle than it was worth. Admiral said they were unable to obtain a valuation under the normal process of using valuation guides. So, they instructed an independent assessor, who ultimately valued it at £17,400, subject to a proportional settlement - less Mr B's excess of £1,150 – leaving a sum of £14,372.54.

Mr B wasn't happy with the settlement amount for his vehicle, so he complained to Admiral. He said his vehicle was installed with a galvanised steel chassis – and this meant the settlement amount from Admiral wouldn't allow him to replace his vehicle with a similar one. He said he'd disclosed the steel chassis when he took out the policy and this had increased the value under the policy. Finally, Mr B said he'd seen a similar vehicle to his on the market for around £27,000. Admiral considered his complaint, but they maintained their settlement was a fair market value, in line with the terms of the policy. Unhappy with Admiral' response, Mr B brought the complaint to this Service.

An Investigator looked into things for Mr B and recommended that the complaint be upheld. They looked at two adverts for comparable vehicles and thought the fairest thing to do was to pay Mr B the average of these prices at £18,974.45. This was because they didn't think Admiral had provided enough evidence to show a lower valuation was fair.

Admiral responded and said they didn't agree with what the Investigator had recommended. They said one advert supported a higher valuation, but the other aligned with the independent assessor's valuation. Admiral maintained that their current valuation was reasonable.

I issued a provisional decision on the complaint, and I said the following:

> *"As the Investigator already explained; it isn't the role of this Service to come to an exact valuation of a consumer's vehicle. What we do is look to see if an insurer has acted reasonably in looking to offer a fair value of the vehicle in line with the policy's terms and conditions. In the event of Mr B's vehicle being declared a total loss, the policy requires Admiral to compensate him for the market value of his car. The policy defines 'Market Value' as:*
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> > *"The cost of replacing your vehicle with a vehicle of the same make, model, specification, age, mileage and condition as your vehicle was immediately before the loss or damage you are claiming for.."*

It's standard practice for a motor insurer to use valuation guides to work out the estimated value of a car. The valuation the guides produce are based on the advertised prices of similar cars with a similar age and mileage for sale at the time of loss. However, given the age of Mr B's vehicle, this wasn't possible – so, Admiral instructed an independent assessor. I find this to be fair in the circumstances.

Their independent assessor placed the value of Mr B's vehicle by using internet research and also included increases to the total value due to modifications. They put forward a value in settlement of £17,400.

It may be helpful for me to explain at this stage that this Service's approach to valuing vehicles isn't based on averaging the prices of comparable vehicles. In situations where the guides don't provide values, we'll look at the insurers' valuation to see if it's supported by other evidence, such as adverts, or an expert's opinion. And if we think the valuation is unfair, we'll tell the insurer to adjust the value to be in line with the valuation supported by the other evidence. This is to ensure a customer receives a fair value, allowing them to replace their vehicle with one of the same make, model and specification.

In assessing what a fair value for Mr B's vehicle is, I've considered the two adverts that show values of £14,999 and £22,500, respectively. The Investigator originally said he was persuaded the first advert was close enough to Mr B's own vehicle for Admiral's valuation to be fair. But Mr B says he wouldn't be able to replace his vehicle with the amount Admiral paid him for his vehicle and the higher price would be a fairer way to resolve the complaint.

Having looked at the higher valued advert of £22,500, I don't find this to be a persuasive or fair advert to apply to the circumstances of this complaint. I say this because the advert outlines that the vehicle in question has a "new interior and various engine work" completed – some of which includes a new clutch, new brake servo, replacement gaskets and seals, as well as a new rear exhaust section.

I do not think this is a fair comparison, as the works completed appear to be a reason for the difference in price against the other advert provided. As such, the evidence I find to be relevant to this complaint becomes the advert for £14,999 and the independent assessor's report which provided a base valuation of £15,000 (prior to increases for modifications)."

I concluded that, because the evidence was in line with each other, I found them to be persuasive of the vehicle's fair market value. And I said because Admiral's settlement exceeded this sum – I was satisfied that this would enable Mr B to replace his vehicle with one of a similar specification – so, I wasn't persuaded the market value put forward by Admiral was unfair. I invited both parties to respond to my provisional findings.

Admiral didn't provide any further information for me to consider. Mr B replied to my provisional findings, but didn't agree with them. He said he'd spent over £12,000 on a full mechanical repair to his vehicle; including engine works, new brakes, as well as a bulkhead and axles and bearings. He said he disagreed that the higher valued example was not a fair comparison to his own vehicle and provided another advert for a similar vehicle with a galvanised chassis in a similar price range. And he concluded that if the adverts couldn't be used; the value within the policy should be used to determine the total loss amount.

As both parties have now had an opportunity to respond to my provisional findings, I've set out my final decision below.

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've carefully considered the additional submissions Mr B has made – but I haven't been persuaded to change the conclusion I made in my previous findings. I'll explain why.

First, I want to address Mr B's submission that using the value listed in his insurance policy would be a fair way to conclude the dispute. I can see why this would seem to be a suitable way to resolve the dispute. But that would generally only be suitable under an "agreed value" policy. Here, the policy terms dictate what will be paid: which is the market value of the vehicle. So, I don't think it's unfair for Admiral to use other evidence to establish the likely market value of the vehicle when settling the claim.

In respect of Mr B's point around having additional work undertaken on his vehicle, it's important to highlight that the policy only requires Admiral to pay the market value of the vehicle at the time of the accident. And while I can appreciate it must be frustrating to have spent money on the vehicle before the accident, improvements such as brakes and axles and bearings aren't something the policy covers. So, this doesn't persuade me that Admiral's valuation was unfair based on the information they had.

In relation to the additional advert Mr B has provided – I have considered this carefully, but I don't think this is a fair advert to apply to the circumstances of this complaint. Much like the previous advert, this example also lists major works having been completed, such as a new clutch and gearbox, which I think are the reason for the difference in price against the other advert provided.

Ultimately, I need to decide whether the amount Admiral paid for the market vehicle was fair in the circumstances. And I'm satisfied Admiral has provided enough to show that what they offered is a fair market value. As Admiral have already paid this amount to Mr B, this means I don't require them to pay any more than they have already.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 September 2025.
Stephen Howard
Ombudsman