

The complaint

Mrs O and Mr O have complained about the way Admiral Insurance (Gibraltar) Limited ('Admiral') has handled a claim they've made under their motor insurance policy.

What happened

In October 2023, Mrs O and Mr O's vehicle was stolen. Although it was recovered the following day it was significantly damaged.

Mrs O and Mr O made a claim on their motor vehicle insurance policy which Admiral accepted. However, the damaged state of the vehicle led to Admiral declaring it to be a total loss.

Unhappy with how Admiral had handled the claim, and the amount offered by Admiral to settle the claim, Mrs O and Mr O raised a complaint with Admiral. After it had investigated their complaint, Admiral increased the settlement offer by £1,017.33 and offered £100 for its service failings.

Mrs O and Mr O weren't satisfied with Admiral's attempt to resolve their complaint and referred it to this Service.

One of our investigators looked into what had happened and issued a view upholding the complaint. She explained that Admiral's valuation wasn't fair and reasonable as it was below market valuation. Our investigator required Admiral to increase its settlement offer by an additional £1,807, giving a total of £31,503 as the sum required to settle the claim, together with 8% interest on the additional £1,807.

Regarding the service elements of the complaint, our investigator thought that Admiral's offer of £100 was sufficient to compensate Mr O and Mrs O in the circumstances.

Admiral accepted the investigator's view, but Mrs O and Mr O did not. The matter was then passed to me for a decision to be made.

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.

Having done so, I agree with the conclusions reached by the investigator. I will explain why:

In Mrs O and Mr O's policy terms, Admiral agreed that it would base its settlement of their claim on the market value of their vehicle at the time it was damaged. Under the section: *'What we will pay'* the policy terms say: *'If we give you a cash sum, the most we will pay is the market value of the vehicle'*. *'Market Value'* is defined 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'*.

Admiral offered Mrs O and Mr O a total sum of £29,696, which I'm not persuaded is sufficient to settle their claim, as I don't agree that it would replace their vehicle with one of a similar make, model, year, mileage and condition.

The approach this Service takes to disputes about the cost of replacing a vehicle is to look at four valuation guides. Unless the insurer has provided persuasive evidence to show that a lower amount would fairly settle the claim, we say that the highest value guide should be used to make sure that the customers receive a settlement that is based on the correct market value. Where the insurer's valuation isn't the same as that value, then we look to see if other evidence such as advertisements or an expert's opinion, support the insurer's value. If they don't support the insurer's value, then we tell the insurer to settle the customer's claim based on the highest guide value.

In this case, the highest guide value is £31,503. Admiral has not provided any other evidence, such as advertisements, to support its lower offer of £29,696. So, I agree with our investigator that an additional £1,807 plus 8% interest should be paid to Mrs O and Mr O to fairly settle their claim.

In response to their concerns about the wrong model being used when obtaining the valuation figures, our investigator explained that when the valuations were run using the model type specified by Mrs O and Mr O, that made no change to the figures provided. Our investigator also advised that we consider valuation guides on the basis of the cost of replacing a second-hand vehicle.

Admiral offered £100 compensation for the distress and inconvenience that Mrs O and Mr O have suffered because of the way it has handled their claim. Having considered the frustration that Mrs O and Mr O have experienced by being offered a cash settlement that was less than what they were entitled to, and thinking about the impact of the delays and handling of the claim on them, I agree that they have suffered inconvenience that they should be compensated for. Taking account of all of the relevant circumstances, I think Admiral's offer of £100 is sufficient to compensate them for that inconvenience and upset.

Mrs O and Mr O requested the balance of their premium to be refunded. However, when taking out the policy, Mrs O and Mr O agreed to pay the premium in return for the cover being provided by Admiral. Where a successful claim has been made, and there is no finding that a policy has been mis-sold, it isn't appropriate for the premium to be refunded.

Putting things right

For the reasons I've given above, I uphold Mrs O and Mr O's complaint and require Admiral Insurance (Gibraltar) Limited to:

- settle their claim using a market value for their vehicle of £31,503. This means it must pay Mrs O and Mr O an additional sum of £1,807 in addition to the amount it has already paid;
- pay 8% simple interest on the sum of £1,807 from the date that the initial settlement amount was paid, to the date that this additional amount is paid; and
- pay Mrs O and Mr O £100 compensation for the distress and inconvenience they have suffered as a result of the way it has handled their claim.

My final decision

My final decision is that I uphold Mrs O and Mr O's complaint and require Admiral Insurance

(Gibraltar) Limited to pay the redress set out in the '*Putting things right*' section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O and Mr O to accept or reject my decision before 27 October 2025.

Carolyn Harwood
Ombudsman