

The complaint

Miss B complains about the settlement that Admiral Insurance (Gibraltar) Limited offered her for the loss of her car when she made a claim on her motor insurance policy. She wants it to pay her the amount she paid for her car.

What happened

Miss B was involved in an accident and her car was deemed to be a total loss. Miss B had bought her car second-hand ten days earlier. Admiral offered Miss B £7,145.67, less the £650 policy excess, in settlement of her claim. But Miss B said she had paid £7,995 for her car ten days earlier and she thought Admiral's valuation was too low. Admiral said it had offered Miss B the market value for her car at the date of its loss.

our investigator's view

Our Investigator recommended that the complaint should be upheld. He checked the motor valuation guides we use and saw that Admiral's offer was less than the highest provided in these. And he wasn't persuaded that its offer was sufficient for Miss B to replace her car with a like for like one. And so he thought Admiral should reasonably pay Miss B the amount she had bought the car for, less the policy excess, adding interest to the difference between this and the amount it had offered.

Admiral replied that it agreed to increase its offer to £7,350, the highest valuation provided by the guides. But it said the amount Miss B had paid was over the odds for her car. And it thought this amount wasn't the car's market value as she had paid the asking price. Admiral asked for an Ombudsman's review, so the complaint has come to me for a final decision.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Miss S and to Admiral on 2 September 2025. I summarise my findings:

I could understand that Miss B wanted a fair settlement for the loss of her car. Admiral had offered her £800 less than she had paid for the car ten days earlier. She couldn't understand how it could depreciate so much in this time. She was also unhappy that she was without transport for two months, that she had to pay her policy excess, and that Admiral's settlement restricted the replacement car she could buy.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably. Miss B's policy provides for the car's market value in the case of its total loss. I could see that this was 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 had 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. I checked how he came to this conclusion. I saw 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.

Admiral had provided a valuation of £7,145.67, which was an average of the valuations provided by three of the guides. But I couldn't see that it justified this low offer by showing that Miss B could replace her car for this amount. And it's now agreed to pay her the highest of the valuations, £7,350.

Miss B had bought her car for £7,995 ten days before its loss. Some people pay more than the retail price suggested by guides for their car and some people pay less. This means what a consumer paid for the car isn't necessarily the market value at the time they bought it or what they're entitled to if their car's written-off a short time after this.

If the consumer only recently (by recently we generally mean in the four weeks prior to the loss or damage) bought their car second-hand, we need to consider what they paid for it. This won't normally make a difference to our view on whether the insurer's valuation is reasonable, as the insurer's valuation should be based on the likely retail selling price for the car in the guides. And if the valuation is made this way, we're likely to conclude it's reasonable.

But if the guides suggest a much lower amount than the consumer paid recently, we consider whether what they paid suggests the guides are out of line for the model in question. So I looked at adverts for similar vehicles in the same area to consider this.

Admiral provided adverts for similar cars advertised for sale at the time. And I considered these and looked to see where the advertised cars were identical to Miss B's. Our Investigator thought two were persuasive as they were for similar cars, but the valuations were higher than Admiral's offer. And so he thought Admiral should pay Miss B the highest of these, £7,995, which was what Miss B had paid for her car.

But I didn't think this was fair or reasonable. And I'll now explain why I thought this.

Our approach, as I've said above is if the valuation is made according to our approach, we're likely to conclude it's reasonable. Admiral's initial offer wasn't fair or reasonable, as I've said above. But it had now agreed to pay the highest valuation provided by the guides, which I thought was in keeping with our approach and I thought that was fair and reasonable.

I looked at the evidence provided by Admiral's adverts for similar cars to see if Miss B couldn't replace her car for the amount Admiral has now agreed to pay. The two examples of

higher prices noted by the Investigator were, in one case, for a car a year newer, and both cars had substantially less mileage than Miss B's. So I was not persuaded that a valuation higher than that provided by the guides was fair and reasonable as the guides already reflected the market value.

I wasn't persuaded that Admiral's initial offer was fair and reasonable as it wasn't made in keeping with our approach and the policy's terms and conditions. And I required Admiral to increase this to £7,350 and, because Miss B has been without her money for some time, to pay Miss B interest on the difference between its first offer and this amount.

Miss B said the accident wasn't her fault and she wanted her policy excess refunded. But the policy excess is always the first part of a claim to be paid. And Admiral had said it would look to recover this from the other insurer when it has agreed liability and recovered its outlay. I thought that was fair and reasonable.

Miss B said she was without transport for two months after the accident. But Miss B's car was deemed to be a total loss, and she wasn't then entitled to a courtesy car under her policy's terms and conditions. Admiral progressed her claim promptly. So I couldn't hold Admiral responsible for Miss B's lack of transport.

Miss B also said her choice of replacement cars was limited by Admiral's low offer. But I thought the interim settlement was also diminished by the deduction of the excess. And so Miss B would always have had to look for additional funds to buy a replacement. And I couldn't hold Admiral responsible for Miss B's financial position.

Subject to any further representations from Miss B and Admiral, my provisional decision was that I intended to uphold this complaint. I intended to require Admiral Insurance (Gibraltar) Limited to increase the settlement of Miss B's claim to £7,350 (less the policy excess) and pay her the difference between this and its original offer with interest.

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.

Neither Admiral nor Miss B made any further representations for me to consider. So I can see no reason to change my provisional decision.

Putting things right

I require Admiral Insurance (Gibraltar) Limited to do the following, as it's already agreed to do:

1. Increase the settlement of Miss B's claim to £7,350 (less the policy excess) and pay her the difference between this and its original offer.
2. Add interest to this increase at the rate of 8% simple per year, calculated from the date of Admiral's initial offer to the date the additional payment is made*.

*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 in part. 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 17 October 2025.

Phillip Berechree
Ombudsman