

## **The complaint**

Miss H complains about how her insurer, Admiral Insurance (Gibraltar) Limited (Admiral) valued her vehicle as a total loss following its theft (and subsequent recovery).

Any reference to Admiral in this decision includes their agents.

## **What happened**

In October 2024 Miss M's vehicle was taken by her partner from her home without her consent. The partner had been staying with Miss M but were not insured to drive the vehicle under Miss M's policy. The police called at Miss M's property to tell her the vehicle had been involved in an accident and recovered to a police compound. The vehicle had sustained damage, and the police gave Miss M a crime reference number.

Miss M contacted Admiral to tell them what had happened. Admiral told Miss M it was likely they would deem the vehicle to be a total loss, although Miss M said she would want to see the vehicle as she thought it might be repairable. Admiral instructed their salvage agents to recover the vehicle, once released by the police. It took time for the vehicle to be released, not being collected by Admiral's salvage agents (C) until the beginning of December 2024.

The vehicle had suffered extensive damage, so Admiral assessed it to be a total loss. Admiral obtained valuations from two recognised industry valuation guides, which provided valuations of £3,625 (A) and £3,890 (B). A third valuation guide (C) didn't provide a valuation. Admiral took the average of the two valuations for their total loss settlement (£3,757.50) less the policy excess of £150 to give a net settlement offer of £3,607.50. Admiral paid the settlement to Miss H.

However, Miss H challenged the offer, saying it was too low, and she'd paid £7,000 for the vehicle the previous year. She said a call handler had told her she would receive back what she'd paid for the vehicle. Admiral logged her challenge as a complaint (December 2024) and advised her of the eight-week timeline for them to consider the complaint and provide a final response.

Miss H was also unhappy she only had two months of cover for the premium paid, before her vehicle was deemed a total loss. She wanted a refund of her premium. She also complained about being misinformed she would receive what she had paid for her vehicle and a lack of communication, failed call backs and being sent the total loss settlement without being told, as well as receiving emails to which she was unable to reply. She was also unhappy at the timeframe to finalise a complaint.

Admiral upheld the complaint in part, for which they awarded £300 compensation for distress and inconvenience. Admiral also offered to consider any other losses from errors in the handling of her claim.

On the valuation of her vehicle. Admiral noted the net settlement of £3,607.50 and set out the basis of market value and that they primarily based their valuation on three recognised industry valuation guides. Admiral confirmed their valuation was based on the guide valuations and so they wouldn't be increasing their valuation. On the timeframe for

considering her complaint, Admiral noted this was in line with the requirements of the Financial Conduct Authority (FCA). On only benefitting from two months of premium, Admiral referred to the policy terms and conditions that stated where a vehicle was deemed a total loss the full premium for the policy was payable.

On being advised she would receive what she paid for her vehicle, Admiral said the policy was for the market value to be paid on total loss. They couldn't locate the call in which Miss H said she was told she would receive what she paid for her vehicle, but Admiral upheld this element of complaint based on what Miss H had told them. But they wouldn't be changing their valuation to what Miss H had paid for her vehicle. On communication during the claim, Admiral accepted they hadn't met Miss H's expectations, so they upheld this element.

Miss H then complained to this Service, unhappy at the valuation of her vehicle. She didn't think Admiral's valuation of £3,607.50 was fair, particularly as she'd been told she would receive what she paid for her vehicle. She hadn't been able to locate a similar vehicle for the amount Admiral had settled, having purchased a replacement vehicle for £6,400.

Our investigator upheld the complaint, concluding Admiral hadn't acted fairly. He obtained valuations from two recognised valuation guides used by this Service. One was also used by Admiral (A) and returned a similar valuation (£3,595). Another (D) wasn't one used by Admiral but returned a higher valuation of £5,442. As Admiral's valuation was significantly below the highest guide price (D) he didn't think it was fair. Neither had Admiral provided any other evidence to show Miss H could replace her vehicle for the valuations they used when making their settlement offer. So, he thought £5,442 would be a more appropriate starting point for a valuation of Miss H's vehicle. To put things right, Admiral should increase their valuation to £5,442 and pay the difference from their valuation to Miss H, plus interest from the date Admiral originally settled the claim to the date they paid the additional settlement.

Admiral disagreed with the investigator's view and requested that an ombudsman review the complaint. They considered their valuation fair, with their two valuation guide figures reflecting actual selling prices. They thought the valuation provided by (D) a clear outlier and should be discounted.

Miss H also provided further information on vehicles similar to hers advertised for sale, three vehicles advertised at £5,250 (for a slightly older vehicle with a higher mileage than hers), £5,495 (for a slightly older vehicle with a lower mileage) and one at £6,995 (for a slightly newer vehicle with a lower mileage).

### **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 Miss H.

The key issue in Miss H's complaint is the valuation of her vehicle as a total loss. She thinks Admiral's valuation is unfair and doesn't reflect the value of her vehicle. Admiral say their valuation is fair, being based on the average of two recognised industry valuation guides..

In considering the issue of the valuation of Miss H's vehicle, I've first looked at what the policy terms set out. 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 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. 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 (or that an insurer can evidence their offer is fair where it's lower than the highest guide value).

I've then looked at the valuations for Miss H's vehicle. Admiral obtained two valuations from recognised industry guides (the third guide they used didn't return a valuation) as follows:

- (A) £3,625
- (B) £3,890

Admiral then took the average of the two valuations as the basis for their settlement offer of £3,757.50 (less the policy excess of £150).

Our Service also obtained valuations from the four recognised industry valuation guides we use. One (A) was very similar (£3,595) to that obtained from the same guide as used by Admiral (the difference, in fact, being that Admiral used a 'Retail' figure whereas we used 'retail transacted'). But we obtained a valuation of £5,442 from a further guide (D) which Admiral didn't use.

So, Admiral haven't used the highest guide valuation available. They say the figure is an outlier and should be discounted, but they've produced no other evidence to persuade me to discount it. For example, advertisements of vehicles like Miss H's vehicle advertised for sale. Miss H has provided three examples of vehicles like her own, albeit in some cases slightly older or newer than hers, with mileages slightly higher or lower. But taken as a whole, they are more in line with the valuation figure provided by (D), as they range from £5,250 to \$6,995 with the other figure close to the valuation guide figure from D.

Taken together, I've concluded it would be fair and reasonable to base the settlement figure for Miss H's vehicle on the valuation guide figure from (D) and not the average figure used by Admiral from (A) and (B).

So, I've concluded Admiral haven't acted fairly and reasonably in their settlement offer.

I've then considered what Admiral should do to put things right. As their offer was less than the highest guide valuation, then they should increase their offer to the £5,442 valuation provided by (D), less the policy excess of £150. That would indicate an increase of £1,684.50 compared to their settlement offer of £3,757.50 (less the policy excess). As they have already paid their settlement offer to Miss H, they should also pay interest on the additional settlement amount, from the date they paid their original settlement to the date they pay the additional amount, as a rate of 8% simple.

I've noted Admiral awarded £300 compensation to Miss H in their final response, for other issues. Having regard to the circumstances of the complaint, I think that's fair and reasonable, so I won't be asking them to make a further award.

### **My final decision**

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

- Pay Miss H an additional settlement of £1,684.50 for the total loss of her vehicle.

- Pay interest on the additional £1,684.50 from the date they paid their original settlement to the date they pay the additional £1,684.50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 30 October 2025.

Paul King  
**Ombudsman**