

The complaint

Mr S complains that the amount offered by Admiral Insurance (Gibraltar) Limited (Admiral) in settlement of a motor insurance claim is too low.

What happened

Mr S insured his car with Admiral. After it was stolen, he made a claim. Admiral accepted the claim and offered £24,601.33 (before the deduction of the policy excess) as a settlement.

Mr S was unhappy with this offer as he considered his car was worth more than this. Admiral rejected his complaint, as it said its offer represented a fair market value.

As he remained dissatisfied, Mr S referred his complaint to our service. Our investigator thought Admiral's offer was too low, and that a fairer value for Mr S' car was £25,400. Admiral didn't accept this, and asked for an ombudsman's decision.

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.

The terms and conditions of Mr S' policy say that Admiral will pay the "market value" of the car in the event of it being stolen and not recovered, as happened here. The "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." Conditions of this nature, and the way it's defined, are common in motor insurance policies.

Establishing the actual value of a car at the time of the loss isn't an exact science, but we expect insurers to consider available data to make a fair offer. Our normal approach when considering complaints about an insurer's settlement following a write-off is to consider the values given by vehicle valuation guides. These obtain data from a number of different sources to establish the selling price of similar cars, in order to establish a value based on the mileage, condition and specification of a car. We'd then expect it to make an offer in line with the highest value from these tools, unless there were reasons to believe that value was an outlier.

Admiral's offer of £24,601.33 was based on the average of three guide values of £24,250, £24,750 and £24,804. My starting point is therefore that it hasn't followed what we believe to be a fair approach to these types of cases, although I note that the amount offered was close to the highest value given. I've gone on to consider whether, nevertheless, I believe this to have been a fair offer.

We've checked the valuation tools which gave four values for Mr S' car. These ranged from £24,250 to £25,400. Of note, the highest value, £25,400 was from a tool which allowed the inclusion of optional extras when assessing the value, and this value was based on the

extras which it's accepted were fitted to Mr S' car.

I'm therefore satisfied that the amount offered in settlement of the claim is notably lower than the highest value we obtained. I'm particularly conscious that this highest valuation included specific reference to the optional extras fitted to Mr S' car and took these into account when giving the value. Admiral believes its offer is fair and that the other guides, which give lower values also include extras in their calculations.

However, I note that of the four valuations we obtained, only the lowest one is less than the amount offered by Admiral. I therefore consider the central question I need to address here: Is the amount offered by Admiral enough to buy a replacement vehicle of the same make, model, age and mileage? I have to conclude that it isn't. The valuation tools suggest the price of a replacement vehicle is more than Admiral has offered.

I'm satisfied that I shouldn't discount the highest valuation of £25,400. In many respects it would seem fair to say it's the one which most accurately reflects Mr S' car as it includes the specific extras fitted to his car, which I can't say about the other tools. In line with our approach to these types of complaints, I'm satisfied that a fair value market value for Mr S' car at the time of the theft was £25,400.

So to put things right, Admiral should pay the difference between its original settlement of £24,601.33 and the corrected value of £25,400, which is £798.67. Admiral should also pay 8% simple interest on this amount from the date of its original settlement to the date of final settlement. This reflects the period of time Mr S could have had these funds, but didn't.

My final decision

I uphold Mr S' complaint. In order to put things right, Admiral Insurance (Gibraltar) Limited must pay £798.67, this being the difference between its original settlement of £24,601.33 (before the deduction of the policy excess) and the fair value of £25,400. It must also pay simple interest at a rate of 8% per year on this amount from the date of its original settlement to the date of final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 November 2025.

Ben Williams
Ombudsman