

The complaint

Ms T complains that Admiral Insurance (Gibraltar) Limited didn't replace her car following a claim made on her motor insurance policy. She wants it to provide a like for like replacement. Ms T is represented in this matter by Mr V, a named driver on her policy.

What happened

Ms T's car was written off in an accident and her policy entitled her to a like for like replacement new car. Suitable cars were available from UK stock. But Admiral's agent considered only its preferred stockists, and it told Ms T there would be a wait of 8-9 months for one to be available. Admiral agreed that its policy was unclear. It offered Ms T £200 compensation and said she could accept the market value of her car or wait for one to be available from its agent. But Ms T wanted a like for like new replacement in line with the policy. She bought a new car and said this had cost her more than Admiral's settlement.

Our Investigator didn't recommend that the complaint should be upheld. They thought Admiral was entitled to use preferred stockists. And they thought it had agreed the policy had been unclear when referring to "UK stocks" and it paid Ms T reasonable compensation for this. And if a replacement car was unavailable, they thought under the policy terms and conditions Admiral was entitled to pay a maximum of the car's market value. They thought Admiral wasn't responsible for the price increase for the replacement car Ms T found.

Ms T replied that Admiral had told her that it had upheld her complaint. She referred to a similar complaint earlier brought to our service where other options than the market value had been considered. She didn't think it was fair, or in keeping with the policy, to be required to use Admiral's agent to locate a replacement car. She said she had provided details of similar cars available for sale in UK, but Admiral's agent had declined to use these. Ms T asked for her complaint to be reviewed by an Ombudsman, so it's come to me for a final 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.

Ms T said she had accepted a total loss settlement for the car's pre-loss market value rather than bear the wait of many months for Admiral's agent to provide a replacement. But the replacement car had cost her about £47,000 when Admiral's settlement was £42,565. And I can understand she felt that this wasn't in keeping with the policy's terms and conditions for new car replacement.

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. The new for old policy terms and conditions are stated in the policy booklet under Section 4 New Vehicle Replacement:

"we will replace your vehicle with one of the same model and specification."

"if you do not want us to replace your vehicle, or a vehicle of the same model and specification is not available from UK stock, the most we will pay is the market value".

Market value is then 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 guides”.

Ms T thought Admiral had acted outside its terms and conditions as the business responsible for locating a replacement car wasn't defined in the list of Admiral's partners. I can understand Ms T's frustration. But I don't think Admiral is required by its policy's terms and conditions to name all its partners and agents as these could change. And so I can't say it did anything wrong in not naming the agent that sourced the replacement car.

Ms T was also unhappy that a replacement car was available from UK stock, but not from the agent's stockists. Which meant that Ms T either had to accept the car's market value or wait until a replacement could be provided by the manufacturer.

Admiral agreed that its policy was unclear on this point. It accepted that cars were available from UK stocks. But it sourced cars only through its agent and its providers didn't have the particular car in stock. And it paid Ms T £200 compensation for the upset caused by the unclear policy term.

I can understand Ms T's frustration on this point. But I think it's for Admiral to decide what systems and processes it has in place as this is its commercial decision. I think it reasonably accepted that the policy wasn't clear that the stocks would have to come from its agents. But the policy terms also state that it's for Admiral, not the consumer, to provide the replacement. And I'm satisfied that its payment of compensation was in keeping with our published guidance for the impact caused. So I think that was fair and reasonable.

Ms T decided not to wait for a replacement car to be provided by Admiral's agent and she accepted the car's pre-loss market value. But she said this was less than she had paid for the replacement car.

Our approach in this situation is that if the policyholder is unable to wait for several months for the new car replacement, we don't think it's fair for insurers to say that means they're only entitled to the market value. We don't think this is fair as the policyholder isn't choosing not to have the new car replacement, it's the insurer who is unable to provide it.

In those circumstances, we're likely to think the fair and reasonable answer is for the insurer to pay the policyholder what it will cost the policyholder to buy an equivalent new car replacement rather than what it would cost the insurer to provide the new car replacement. Or we may say it is fair for the insurer to pay the consumer what they paid for the car originally.

Admiral's agent wasn't able to provide it with the cost of a new replacement car due to the delays and uncertainties of the current market. So I've looked at the information that Ms T has provided us about the costs of her original and new cars.

Admiral said the car's pre-loss market value was £42,565. I can see that this is more than the price Ms T paid for the original car, with its one optional extra. And, from what I can see this would have enabled Ms T to buy the equivalent replacement car with this one optional extra. So I can't say that Admiral's settlement was unfair or unreasonable.

I can't reasonably hold Admiral responsible for the additional costs that Ms T incurred. This is because under the policy terms and conditions Admiral is only required to pay the car's pre-loss market value and this would have enabled Ms T to replace her car with a like for like new one. The taxes and delivery costs Ms T incurred were outside of Admiral's control and the new car had more additional options than the previous car. So I can't say Admiral was responsible for Ms T's additional costs.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T and Mr V to accept or reject my decision before 18 December 2025.

Phillip Berechree
Ombudsman