

The complaint

Mrs K complains about the settlement that Admiral Insurance (Gibraltar) Limited offered her following the total loss of her car. She wants it to pay her a fair settlement.

What happened

Mrs K's car was damaged and declared to be a total loss. Admiral offered Mrs K £30,348.67 less the policy excess in settlement of her claim. But Mrs K thought her car was worth more due to its specification, condition, mileage and optional extras and because she had recently bought it for a higher price.

Our Investigator didn't recommend that the complaint should be upheld. They thought Admiral's settlement was made in keeping with our approach as it had paid Mrs K a settlement close to the highest valuation provided by the motor guides we use. They considered the purchase price Mrs K paid for the car, but they thought it would depreciate in the ten weeks she had had it. And they thought the car's total mileage over ten months would affect its value.

Mrs K replied that she thought the valuation guides didn't take into account her car's high specification. She said she had provided evidence of a comparable car with higher mileage for sale at close to the price she had paid for her car. As Mrs K didn't agree, her complaint has 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.

I can understand that Mrs K wants a fair settlement for the loss of her car. She said she couldn't replace her car with one of the same specification with Admiral's settlement. She said she was out of pocket by about £4,000. I can understand that this must be frustrating for her.

Mrs K's policy provides for the car's market value in the case of its total loss. I can see that this is defined in the policy booklet on page 4 as:

"The cost of replacing your vehicle; with a similar make, model, age, mileage and condition."

The Investigator has 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. Due to recent changes in the market, we are 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 was fair. So I've checked how they came to this conclusion. I can see that they looked in the motor valuation guides we use for cars of the same make, model, age, mileage, condition and optional extras as Mrs K's car at the date of its loss. And they found four valuations.

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 near the highest of the valuation guides, unless they are able to provide us with evidence which supports a lower valuation.

The Investigator confirmed that Admiral's valuation was in keeping with the highest of those provided by the guides. And that's usually sufficient for us to say that its valuation was fair and reasonable.

But Mrs K provided an advert for a similar car advertised at a price close to what she had paid for her car. And Mrs K provided a detailed analysis of a range of similar cars offered for sale at the date of her loss. And I have considered these, and I can see that there are cars for sale for higher prices.

But I'm not persuaded that this is sufficient evidence to support a valuation higher than the highest guide. This is because the guides already take into account Mrs K's car's specification. And the optional extras don't add value so that's not a reason to discount similar cars with lower specifications for sale at prices close to Admiral's offer. Mrs K had used her car for 10 weeks and I agree with the Investigator that depreciation from the price she paid would be expected in this time.

Admiral had provided a valuation of £30,348.67, which was close to the highest of the valuations provided by the guides. I haven't seen evidence to show that Mrs K can't replace her car for this amount. And so I'm persuaded that Admiral's offer was fair and reasonable as it was made in keeping with our approach and the policy's terms and conditions. I don't require it to increase this.

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 Mrs K to accept or reject my decision before 5 January 2026.

Phillip Berechree
Ombudsman