

The complaint

Mr B has complained about his car insurer Admiral Insurance (Gibraltar) Limited, he thinks it has underpaid his total loss claim by applying an unfairly low market value to his car.

What happened

Mr B was involved in an accident. He made a claim to Admiral which found his car to be a total loss. Admiral said the market value for Mr B's car was £16,521, from which it would deduct the £650 policy excess. It then paid Mr B £15,871.

Unhappy with Admiral's settlement, Mr B complained. Mr B thought Admiral's market value didn't take into account the optional extra features his car had. He thought a fair market value for his car was around £19,000. Admiral didn't agree. In a final response letter it maintained its market value. Regarding some poor communication it offered, and subsequently paid, £50 compensation.

Mr B remained unhappy about the market value. He said he'd like the market value Admiral had applied to be increased to allow him to buy a similar replacement car.

Our Investigator noted that Admiral, in calculating the market value, had used an average of the motor valuation guide values it had obtained. She considered that, in the circumstances here, that was not in line with the approach of this Service. She said that, in line with our approach, as Admiral hadn't justified making a payment which was lower than the highest guide value, it should settle Mr B's claim in line with the highest of the guide values. She said that was £17,333. Noting Admiral's claim settlement paid based on its lower, averaged market value, she said it should pay the difference outstanding – £812, plus interest.

Admiral said it accepted that. Mr B said he disagreed with it. He maintained that he couldn't replace his car for that value. He provided some adverts for cars he'd seen for sale between £17,495 and £19,599. Our Investigator explained that she wasn't persuaded these adverts showed the valuation guides had returned unfair or unfairly low market values for Mr B's car. She maintained that Admiral being asked to increase its settlement to reflect it being based on the highest of the values returned by the guides was fair and reasonable.

As Mr B remained unhappy, his complaint was referred 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.

Having done so I find I am largely in agreement with our Investigator. But I will note here and explain below that I find the highest guide value returned to be marginally more than the figure our Investigator relied upon – £17,350 rather than £17,333.

As Admiral has accepted our view I think, in this case anyway, it has accepted that it is up to the insurer, if it thinks a sum less than the highest value would make a fair market value, to show that lower figure is fair. Here Admiral simply averaged the three figures it had returned and gave no reasoning why the highest figure available to it was not used. That was not fair.

Because Admiral did not settle this matter in line with our approach, our/my next step is to review the valuation guide values. Admiral sourced three valuations (from three guides):
£16,250,
£16,000,
£17,315.

Our Investigator checked these values and they were all broadly in line with sums she was able to obtain from the same three guides – some fluctuation over time is to be expected.

There is a fourth guide that our Investigator had access to. The fourth guide returned a value of £17,333. Our Investigator was also able to approach the guide which returned the first of the three values to Admiral, to obtain a bespoke value for the optional extras Mr B's car benefitted from. That was a sum of £1,100. As Admiral had obtained a standard valuation from that guide, I'm satisfied it's most appropriate for me to add the bespoke value our Investigator obtained to the standard valuation Admiral had. That gives an amended value of £17,350 (£16,250 plus £1,100).

The highest guide valuation returned for Mr B's car then is £17,350. Our Investigator thought the highest value was £17,333. I can see she added the bespoke value to a standard valuation she had obtained from the same guide. I'm satisfied that as Admiral had obtained the standard valuation from that guide closer to the point of loss than during our Investigator's review, it's valuation should be used as the starting point to which the bespoke value is added.

With that explained though, and the highest value I've noted being £17,350, I have to consider what the fair outcome for this complaint is. Our Investigator said Admiral should pay an additional £812. To which it agreed. If I were to calculate a difference based on what I see as the highest value that would only change the sum due by £17. I bear in mind that if Admiral had initially offered settlement based on a market value of £17,333 but this Service had found the highest guide value was actually £17,350, it is unlikely we would have upheld a complaint against Admiral in that respect and required it to pay £17. So I find it reasonable that I adopt similar thinking here.

So I am satisfied that Admiral's initial settlement offer, based as it was on an average of the guide valuations without any supporting detail to show why that sum was reasonable, was unfair. I'm also satisfied its valuation should have been set in line with the highest value of the available guide prices, taking into account the specific optional extras of Mr B's car. I'm further satisfied that requiring Admiral to pay Mr B a sum of £812, plus interest, reasonably achieves just that.

I have considered the evidence Mr B has provided – essentially some adverts for cars for sale found about five months after the loss. However, as our Investigator said, these few examples don't outweigh the wealth of data taken in and considered by the guides which returned the valuations. Nor do they show that it's most likely a similar vehicle can't be purchased for the value given by the highest guide.

I'm satisfied that the amended settlement figure put forward by our Investigator ensures that Admiral has fairly settled Mr B's claim. I'll now require it to pay this sum.

My final decision

I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay to Mr B £812, plus interest* applied from the date the original claim settlement was paid until payment of this sum is made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Admiral to take off tax from this interest. If asked, it must give Mr B a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 February 2026.

Fiona Robinson
Ombudsman