

## **The complaint**

Mr T complains Admiral Insurance (Gibraltar) Limited (“Admiral”) offered him an unfair settlement amount under his motor insurance policy when his car was declared a total loss. He doesn’t think it’s offered him the fair value or taken upgrades he’s made to his car into account. All references to Admiral include its agents.

## **What happened**

Mr T renewed his motor insurance policy in September 2024. In November 2024, his car was involved in an incident so he made a claim. Admiral declared Mr T’s car a total loss and offered him what it considered to be the market value of the car under the policy terms. It says this valuation was based on guides showing the selling prices of similar cars.

In December 2024, Mr T complained because he thought the valuation of his car was too low. In particular, he highlighted he’d upgraded and modified the car three years before and didn’t think these modifications had been considered. He gave us an advert for a car of the same make and model as his, being sold for £5,950. But the car had 90,000 less miles.

Admiral didn’t agree with Mr T. It said the amount spent on restoring or improving the car doesn’t necessarily increase its value and it had correctly based the value on the available guides. Unhappy with Admiral’s response, Mr T asked our service to look into things.

Our Investigator upheld the complaint. He said he’d looked at a further trade guide which provided a higher value than the ones Admiral had got. And he thought Admiral should match the highest valuation. He also thought Admiral should pay 50% of the amount Mr T had spent on modifications to his car in September 2021 to reflect the additional amount he thought it would’ve increased the market value of Mr T’s car by.

Admiral didn’t agree with our Investigator’s opinion. It said its terms say modifications to cars aren’t covered so it didn’t think they should be factored into the value of the car. It also highlighted that modifications don’t always increase the value of the car and the invoice Mr T provided from September 2021 included items which wouldn’t be considered as upgrades. As this didn’t change our Investigator’s view, the complaint was passed to me to decide.

I issued a provisional decision in September 2025. In my provisional decision, I explained I intended to uphold this complaint and direct Admiral to pay the difference between the highest valuation and the value it had already offered. But I didn’t think Admiral should pay towards the amount Mr T had spent on modifications to his car in September 2021 as I hadn’t seen anything in this case, including researching the items on the invoice, to make me think the modifications would’ve increased the value of Mr T’s car significantly or at all.

I asked both parties to make any further comments in response to my provisional decision. Admiral accepted what I'd said. Mr T said in summary that he agreed some of the work carried out on the car would fall under general maintenance and the value of the car in the advert he'd provided was too high. But he said some of the work he'd done on the car should be considered upgrades or enhancements. These included a block mod he'd had installed; a stage two intercooler; a Revo remap; an exhaust system; and a turbosmart actuator. He also said his car was a higher specification version and included extras such as heated leather seats. Mr T provided links to adverts he thought were comparable to his car.

I sent Admiral the adverts provided by Mr T together with details of adverts I'd seen. I highlighted to Admiral that I could see Mr T had declared some modifications to his car when he took out the policy and asked it to confirm which modifications he'd told it about and whether they'd made a difference to the price of his policy. I explained the adverts Mr T had provided showed all of the cars were being advertised at a higher price (ranging from £3,200 to £3,695) than the amount it had valued his car at. I highlighted that one of the cars had significantly more mileage than Mr T's car but had many of the same modifications and was being sold for more than the amount Admiral had valued his car at. So I asked for Admiral's comments and for details on what it thought the value of the modifications were.

Admiral initially referred me to its policy terms which say, *'We will not pay: To replace or repair any modifications.'* And under the general conditions relating to standard parts replacement, the policy terms say, *'Your policy does not cover modifications.'* It said the terms applied to all types of claims, not just repairable claims. And whilst modifications need to be declared, they aren't automatically covered. So it thought it had applied the terms fairly by not including the modifications when valuing Mr T's car. It later said the modifications would've had some influence on the price Mr T paid for the policy and it said it would arrange for its specialist department to confirm whether the declared modifications would've added value to Mr T's car. Admiral didn't provide any of the agreed information by the deadline set.

I issued a further provisional decision in October 2025. I've included a copy of what I said below:

*"Admiral has highlighted a term of the policy which it says means the modifications to Mr T's car aren't covered and it doesn't need to take them into account when assessing the market value of the car. I've looked at the terms it's referred to. These say it won't pay to replace or repair any modifications. Mr T isn't looking to repair or replace the modifications in this case.*

*Admiral says the exclusion relating to modifications also applies to assessing the market value of the car if it is beyond economic repair. But at the moment, I'm not persuaded that's clear in the policy terms. The market value of a car can be impacted by modifications made to the car. And whilst the terms say replacement and repair of modifications aren't covered, they don't say the increased value of a car with modifications wouldn't be covered either. So I don't think it's fair for Admiral to limit the value of Mr T's car based on this.*

*I'd also note, it seems from what Admiral has said, Mr T has paid more for a policy due to the declared modifications to his car. So I think Admiral should've made it clearer if their impact on the value of Mr T's car wouldn't be covered – and it doesn't seem fair or reasonable to me that they wouldn't be in this case. At the moment, I think Admiral should take the modifications to Mr T's car into account when assessing its value.*

*I've looked at the adverts Mr T's given our service and I've looked at adverts of cars similar to his being advertised myself. I can see for cars with no modifications or upgrades, the advertised price is significantly lower than others with similar modifications to Mr T's car. There are two advertised cars that are the most similar to Mr T's in modifications and mileage and both of these are advertised for around £3,400. The other car adverts I've seen are for cars which either don't have modifications or are being advertised at a price which is significantly different from the rest.*

*I've asked Admiral for information on how much it thinks the modifications increased the value of Mr T's car by but it hasn't given me any further information. I've also highlighted that these adverts aren't from the time of the loss but are from around now but Admiral hasn't commented on this or provided any information to make me think it's unreliable.*

*Looking at the valuations provided by the guides and the car adverts I've seen, I'm currently persuaded that Admiral's current offer of £2,842 is not fair and reasonable as it doesn't take into account the modifications to Mr T's car which I'm currently satisfied impact its value. I think Admiral should settle Mr T's claim using a market value of £3,400 instead...."*

In response, Mr T said although he would've liked a higher value settlement, he accepted my provisional decision. Admiral didn't accept my provisional decision. It provided snippets of the terms and conditions of the policy and it said in summary:

- The terms of the policy say Admiral doesn't cover modifications whether repairing a vehicle or deeming it a total loss and this applies to all policy terms.
- It doesn't have the tools to say how much the modifications increased the value of Mr T's car by. This is one of the reasons it says it doesn't cover modifications.
- It questions whether it's possible to work out how much modifications may increase the value of a car by due to the variance in the lifespan of modifications.
- The Investigator recommended Admiral add half of what Mr T paid for the modifications to the settlement amount without any justification for doing so.
- Our publicly shared guidance says if a vehicle has modifications, it may not make a difference to the value – and only very occasionally it might.
- The increase I've recommended isn't based on an accurate tool but is based on advertised prices and doesn't accurately reflect the market value.
- The valuation guides all show market values lower than the adverts.
- By getting Admiral to pay a higher market value due to the modifications, it means it is providing Mr T with funds he can use to replace modifications which aren't covered.
- The premiums of Mr T's policy were higher because it's more likely a car that has been modified will suffer a loss. It's not higher to cover the modifications.
- The policy terms say it doesn't cover modifications. This relates to the whole policy.
- It agrees to increase its valuation to the highest of the four available valuation guides plus interest.

## 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've reconsidered this complaint in light of both parties' comments. I thank Admiral for providing its comprehensive reply. Having done so, I maintain my decision to uphold this complaint as I don't think Admiral is fairly acting in line with its policy terms I'll explain why.

Admiral has pointed to a number of terms to support its view that modifications aren't covered— and any impact modifications have on the value of a vehicle – won't be covered. And whilst I understand its view, I'm not persuaded by what it's said.

The policy terms say:

***'We will decide how to settle **your** claim and will either pay:***

- ***To repair **your** vehicle***
- ***A cash sum to replace the damaged vehicle.***

***If we give you a cash sum, the most we will pay is the **market value.*****

Admiral has gone on to highlight its definition of 'your vehicle', presumably because it doesn't mention modifications. But the term relating to a cash sum above doesn't include the policy defined version of 'your vehicle'.

Admiral has highlighted under the section relating to what it will not pay, it says, '***To replace or repair any **modifications*****'. And it directs the policyholder to read this in conjunction with section 12 which seems specifically to apply to the replacement of standard parts and says modifications aren't covered.

Mr T isn't claiming to replace or repair any modifications or standard parts. His claim is for the market value of his car as a result of it being declared a total loss. So I'm not persuaded these exclusions apply. I appreciate Admiral has said section 12 applies to the whole policy. But the term itself is called, '**Standard parts replacement**'. So I'm satisfied it applies to claims for replacing standard parts of a car and I don't accept it applies to the whole policy.

Admiral has said it cannot provide any information about how much the modifications would've increased the market value of Mr T's car by as it doesn't have the tools to do so. But I note, in response to one of my information requests, it said it would arrange for its specialist department to confirm whether the modifications would've added value. And it didn't provide any further information from the outcome of that enquiry for me to consider.

Admiral has said adverts show the advertised sales price rather than the selling price of vehicles. But I'm satisfied the adverts have shown the modifications made to Mr T's car, likely impacted its market value. And I'm not satisfied from what I've seen that Mr T would be able to replace his car with even the higher valuation given.

I appreciate our Investigator recommended Admiral pay Mr T half of what he said it cost him to modify his car and Admiral doesn't think that's fair. But my decision hasn't directed Admiral to do that so this point doesn't change anything.

Admiral has shared guidance from our Service's website to support its view that the modifications may not have increased the market value of Mr T's car. But we decide complaints on a case-by-case basis, based on the evidence available. And whilst I appreciate modifications may not always – or often – impact the market value of a car, in this case, based on everything I've seen, I'm persuaded they more likely have.

Mr T paid more for his policy because he declared the modifications to his car. I appreciate that's based on risk and not for additional cover for the modifications. But as Mr T was asked about the modifications and paid more due to them, I think it's reasonable to expect he would've thought they would be covered. And I don't think Admiral made it clear that they weren't, particularly as I don't think the terms Admiral has sought to rely on make it clear they apply to total loss claims too. So I don't think it's fair for Admiral to limit Mr T's settlement amount on this basis.

Based on all of the information I've been given, I'm satisfied Admiral hasn't settled Mr T's claim fairly and using a settlement amount of £3,400 is more reasonable.

### **Putting things right**

To put things right in this case, I direct Admiral to:

- Settle Mr T's claim using a market value of £3,400. I understand Admiral has already paid the initial valuation it provided of £2,675. So if that's the case, it just needs to pay the difference between that amount and the settlement amount of £3,400.
- As Mr T has been without these funds, it should add 8% interest to the amount due from the date it originally made payment to the date of settlement. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from the interest, it should tell Mr T how much it's taken off and give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs.

### **My final decision**

For the reasons given, I uphold Mr T's complaint and direct Admiral Insurance (Gibraltar) Limited to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 21 November 2025.

Nadya Neve  
**Ombudsman**