

The complaint

Mr I has complained about the process Admiral Insurance (Gibraltar) Limited followed and its valuation of his car when handling a claim on his motor insurance policy.

What happened

Mr I's car was damaged in an accident. Admiral deemed the car a total loss. Mr I was unhappy with a number of aspects of Admiral's handling of the claim and complained. In particular he disagreed with its valuation of his car. Admiral acknowledged that it hadn't got everything right and it offered Mr I £100 compensation to address the impact of its mistakes. But it thought its valuation was reasonable.

Mr I didn't agree and brought his complaint to the Financial Ombudsman Service. One of our Investigator's looked into it. He said that Admiral had used the wrong mileage and hadn't included the car's extras when valuing it. The Investigator suggested a fair valuation was higher than the amount Admiral had settled Mr I's claim for. So the Investigator said Admiral should increase the valuation, pay the difference in settlement to Mr I and add simple interest to that payment.

Admiral didn't agree with our Investigator's complaint assessment, so the matter's been passed to me to decide.

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.

In bringing this complaint Mr I has made a number of points. I've considered everything on file. But in this decision I don't intend to address each and every issue raised. Instead I will focus on what I see as being the key outstanding points at the heart of Mr I's complaint following our Investigator's assessment of it.

The outstanding issue for Mr I is that Admiral undervalued his car. Admiral offered to settle Mr I's claim by valuing the car at £31,242 before deducting his policy excess.

Mr I's policy says that in the event his car was a total loss the most Admiral would pay to settle the claim would be the car's market value. It defines market value 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.”

Assessing the market value of a car is not an exact science. And it's not my role to value vehicles.

When looking into these types of complaints we check trade guides (which I've referred to by their initials below), adverts and other relevant evidence. We generally find the guides most persuasive as they're based on nationwide research of likely selling prices. So, they're often more reliable than individual adverts. And I've considered if Admiral's offer to settle Mr I's claim is fair and in line with the policy terms and our general approach.

Given the competitive market for second-hand vehicle sales, and to minimise the risk of detriment to the policyholder, the Financial Ombudsman Service feels that the starting point for any settlement should be the highest valuation returned by the trade guides. Then, if an insurer wants to pay less, it will have to evidence why that is fair. It might be that there's persuasive evidence, for example from adverts or other independent reports, which suggests that another value, lower or higher, is fair in the relevant circumstances.

In this instance Admiral used three industry recognised trade guides to value Mr I's car. Those were as follows:

G: £26,460

C: £30,000

A: £32,484

Admiral dismissed the lowest valuation from G as being an outlier. It then averaged the other two to produce a figure of £31,242. It used that figure to settle Mr I's claim before deducting his excess.

Our Investigator noted some discrepancies in how Admiral had valued Mr I's car. In particular he noted that it had not used the actual mileage of the car, which was 52,720 and instead had estimated it to be 50,578. He also said that Admiral hadn't included the optional extras that Mr I's car enjoyed. So we ran the valuations ourselves including the extras and with the correct mileage. We also used a fourth trade guide, P, which Admiral did not. The guides produced the following results.

C: £29,500

G: £26,210

A: £32,199

P: £31,821

As can be seen from the above, despite including the optional extras, generally, the valuations went down slightly, most likely because of the increase in mileage.

As I've said above the starting point for any settlement should be the highest valuation returned by the trade guides. So Admiral's method of using an average of two guides doesn't seem to sit in line with that. But, generally, where an insurer's valuation is very close to the highest guide price we'd say it was reasonable to use that figure. That is as long as that sum is supported by other evidence such as adverts.

But in this case I'm not satisfied that Admiral has produced persuasive supporting evidence that its valuation is fair. I've noted that the valuation Admiral received from A was supported with adverts for similar cars to Mr I's. Although it's worth pointing out that Admiral hasn't explicitly referred to these and hasn't offered any other form of evidence to support its valuation.

However, assuming Admiral intended to rely on A's adverts, I don't think those are supportive of its valuation.

A's valuation listed 11 cars with prices between £27,990 and £36,890. Understandably there was a range of mileages and not all cars were the same year of manufacture as Mr I's. Of the 11 adverts, four cars were offered for sale at less than Admiral's valuation. However, two of those had mileage at least 30,000 miles higher than Mr I's. So I don't think those are of a reasonable comparison. Of the other two one had 2,280 more miles on the clock than Mr I's did and was advertised for £29,995. Another had significantly lower mileage – 38,000 – and was advertised at £30,000. But it's notable that A's own comments on those prices said that both those advertised prices were 'low', so not necessarily indicative of market value.

Also, the adverts don't show the cars' specifications or remarks about their condition. So it's not possible to know if they are a reasonable comparator with Mr I's car. In those circumstances, I don't think it would be fair to use those two adverts alone to show that Admiral's valuation was reasonably representative of a fair market value.

Further, of the other cars listed one had mileage very similar to Mr I's at 52,000. And while that was built in the year after Mr I's car was, it was advertised at £32,880, with A describing the price as 'good'. That is a significantly higher price than Admiral's market value. So, in the specific circumstances of this case, while I agree that Admiral's valuation was close to the highest value given by the trade guides, I don't think it was appropriately supported by other evidence that it was a fair and reasonable indicator of fair market value.

Similarly, P's valuation was supported by adverts for eight similar cars. P valued Mr I's car at £31,821. Of the eight adverts P referred to only one of those that had mileage close to Mr I's car, but that was still almost 2,000 miles lower at 49,998. However it was advertised for a considerably higher price than Admiral's valuation – £36,990. And of the other seven cars advertised the lowest price was £31,495. That sum, although the lowest in P's list of adverts, is higher than Admiral's valuation. And that was for a car which had around 17,000 more miles on the clock than Mr I's car.

It follows that I don't think Admiral's valuation was fair. And, as I've set out above, to minimise the risk of detriment to Mr I, I think it's fair to use the highest of the valuations that could have been available, which would be A's valuation of £32,199. So I think Admiral should pay the shortfall between the two valuations, which amounts to £957, to Mr I. And, as he's been without the use of that money, Admiral should add simple interest to that sum at a rate of 8% a year from the date it originally settled the claim until the date it pays him.

For completeness, I'm aware that Mr I had other complaints about Admiral's service. Admiral has acknowledged that it didn't get everything right and offered him £100 compensation to address the impact of that. I think that was a reasonable offer in the circumstances as it's broadly in line with awards we make where there has been a similar impact. So I don't intend to instruct Admiral to take any further action on the other elements of Mr I's complaint.

Putting things right

I require Admiral to pay Mr I the shortfall between its valuation and the fair valuation set out above of £957. It should add simple interest to that sum, at a rate of 8% a year, from the date it originally settled the claim to the date it makes payment to him.¹

My final decision

For the reasons set out above I require Admiral to take the steps set out under the heading 'putting things right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 28 November 2025.

Joe Scott
Ombudsman

¹ If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr I how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.