

The complaint

Mr B and Mrs B complained that Admiral Insurance (Gibraltar) Limited wrongly valued their car under Mrs B's motor insurance policy.

What happened

After Mr B and Mrs B's car was damaged in an accident Admiral decided that it was uneconomical to repair. They assessed the car's market value using motor trade guides, and paid them that, less the car's salvage value. Mr B and Mrs B said Admiral's market value wasn't enough, and they couldn't buy a similar car for that.

The investigator recommended that their complaint should be upheld. He thought that Admiral should increase their market value offer to the highest of the guides' valuations, in line with this Service's guidance at the relevant time. Admiral didn't agree and Mr B and Mrs B thought that still wasn't enough. So I've been asked to decide.

Mr B and Mrs B have made a separate complaint about Admiral's categorisation of their car for salvage purposes and so I don't deal with that here.

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.

Mrs B was the policyholder. The policy requires that Admiral pay the car's market value. This is defined as *"The cost of replacing your vehicle; with a similar make, model, age, mileage and condition"*.

As the investigator explained, our approach regarding complaints about car valuations is not to decide what the market value of a car is; we merely consider whether or not the insurer has reached a fair and reasonable amount in all the circumstances.

This involves having regard to the valuations in the motor trade guides. If the insurer's valuation isn't close to the highest guide value, we'll look at whether that's supported by other evidence, such as engineer's reports, expert opinions, and adverts for similar cars. However we expect an insurer to show their valuation is enough to allow their policyholder to buy a like for like replacement vehicle. If it doesn't, we're likely to direct them to pay the value produced by the highest guide at the relevant time.

The investigator did his own check of four motor trade guides. He looked at whether Admiral had valued Mr B and Mrs B's car in accordance with this Service's guidance, considering the car's model, additional features, and the actual mileage at the date of loss. Those four guides showed a range of valuations with the highest being £16,440.

Admiral showed us that in reaching their market value amount, they'd considered valuations from three motor trade guides which also gave a range of valuations. But Admiral then took the average of the two highest valuation amounts, which was £15,822. So Admiral failed to

follow the guide valuation starting point guidance, and they haven't explained why they did that, or why they thought it was reasonable to choose an average.

Admiral also referred us to an advert for a similar car for lower than their offer. They said this meant that Mr B and Mrs B could replace their car with a similar one for Admiral's market value payment. But I don't think that one such advert is enough to show that they could replace their car for that, and anyway Admiral produced that advert after they'd already decided their market value payment. They haven't shown us that the advert is from before the date of loss. So I don't think it would be fair to rely on that to override this Service's guidance. Admiral also haven't provided other evidence such as expert reports, which could have helped justify their valuation.

Mr B and Mrs B showed us adverts which they said showed that their car was worth more than what Admiral had offered. They said that although there were cheaper options on the market those did not have factory fitted alloy wheels or the full service history of their car. They said they'd bought it shortly before the accident, it had only one previous owner and was in immaculate condition.

But Admiral's guide valuation did take the alloy wheels into account, and in any event we don't think that factory extra modifications do necessarily increase a car's value. The car's condition was also taken into account in the trade guide valuations, and we generally see servicing and maintaining a car's condition as maintaining a car's value not increasing it. So I'm not persuaded by the adverts.

Mr B and Mrs B said that Admiral's market value was not enough for them to replace their car with a similar one and they'd been left out of pocket and had been in financial difficulty since the accident because Mr B had been injured and couldn't work. I do see that this feels unfair, because the accident wasn't their fault, and the third party had accepted liability. They felt that Admiral hadn't been sufficiently supportive. However I think that as regards this matter, Admiral both made their valuation quickly and paid them the market value promptly after the date of accident and claim, and I think that was reasonable.

I haven't been shown enough to suggest that a value outside the guides is fair, and so I don't think that Admiral's market value offer was fair and reasonable. So I think the guides' approach should apply. The highest of the guides at the date of loss was £16,440. So Admiral should pay Mr B and Mrs B that as the car's market value, less what they have already paid them for that, plus interest on that difference.

My final decision

For the reasons given above, my final decision is that I uphold the complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- Pay Mr B and Mrs B the difference between £16,440, and £15,822, which is £618.
- Pay Mr B and Mrs B interest on that difference at 8% simple interest from the date they paid Mr B and Mrs B their market value until the date they pay them the difference.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 9 March 2026.

If Admiral consider that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr B and Mrs B how much they've taken off. They should also give Mr B and Mrs B a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

R. Scott

Rosslyn Scott
Ombudsman