

The complaint

Mr A has complained about Admiral Insurance (Gibraltar) Limited's service and the amount it valued his car at following a claim on his motor insurance policy.

What happened

Mr A was in a car accident. He claimed on his policy. Admiral eventually deemed his car a total loss. It valued Mr A's car at £17,702.67.

Mr A was unhappy with a number of aspects of Admiral's service including its poor communication with him and the amount it valued his car for. He complained. Admiral acknowledged that it hadn't got everything right and it offered Mr A £175 compensation to address the impact of its mistakes. But it thought its valuation was reasonable.

Mr A didn't agree and brought his complaint to the Financial Ombudsman Service. After he'd done so Admiral reviewed its complaint response. It offered to increase its compensation payment by £125 bringing it to £300 in total.

Mr A remained dissatisfied. One of our Investigators looked into the complaint. She didn't think Admiral had valued the car fairly. She thought a fair valuation was £18,194. So, she recommended that Admiral should increase the valuation, pay the difference in settlement to Mr A and add simple interest to that payment. She also thought Admiral should increase its compensation payment to a total of £400.

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

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 A 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 A's complaint following our Investigator's assessment of it.

I'll first deal with Mr A's complaint that Admiral undervalued his car. Admiral offered to settle Mr A's claim by valuing the car at £17,702.67 before deducting his policy excess.

Mr A's policy says that in the event his car was deemed to be 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 A's claim is fair 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 suggest 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 A's car. Those were as follows:

G: £17,200

C¹: £18,300

A: £17,608

Admiral then calculated an average of those figures to produce its valuation of £17,702.67. It used that figure to settle Mr A's claim before deducting his excess.

As I've said above, we generally consider the starting point for any settlement to be the highest valuation returned by the trade guides. So Admiral's method of using an average of the 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 might say it was reasonable to use that figure. That is as long as that sum is supported by other evidence such as adverts.

Admiral didn't refer to any adverts to support its valuation when communicating with Mr A. But, when it responded to our request for its business file it showed us the valuations it received from G and C. It didn't provide any evidence of a valuation from A. So we couldn't be certain it had valued the car accurately. However, it told us that it had seen adverts for similar cars for sale at prices close to its own valuation incorporated within A's valuation. It felt that justified its stance. But it didn't initially provide those adverts.

We checked the trade guides' valuations ourselves. When we did so, some months had passed since Mr A's car was deemed to be a total loss. In the meantime, some of the trade guide valuations had changed slightly. This happens as the trade guides update their algorithms over time. We also used a fourth trade guide, P, which Admiral didn't refer to. The figures we received were as follows:

C: £18,095

G: £17,200

A: £17,817

P: £18,194

In line with our general approach our Investigator recommended that Admiral increase its valuation to the highest of those which is £18,194.

At that point Admiral provided a copy of the valuation it had received from A. That included adverts for five cars. It said that three of those were for cars with similar or lower mileage than Mr A's car, yet they were being advertised for a sum less than its own valuation. Admiral said these adverts demonstrated that Mr A could have replaced his car with the sum it had paid to him (before deducting the excess). So, it believes its valuation was fair.

However, Mr A's pointed out that the manufacturer of his car updated the model in the year (2020) his car was built. So, in 2020 the manufacturer was still building and selling cars from

¹ I've used the initial that both Admiral and our Investigator referred to but the trading name of this guide now begins with an S.

the earlier generation. But, Mr A's car was the newer generation model and this was generally more expensive. And he believes that A's valuation and adverts refer to cars which were the earlier, and cheaper, model. The evidence Admiral's provided from A isn't clear which generation it is referring to or the precise model the adverts show. So I don't think it would be fair to rely on those adverts as justification for a lower valuation when it seems likely A has included cars from the earlier generation when producing its valuation.

It follows that I'm not satisfied Admiral has produced persuasive supporting evidence that a lower valuation is fair. And, as I've set out above, to minimise the risk of detriment to Mr A, I think it's fair to use the highest of the valuations we have produced which is P's valuation of £18,194. I note this is similar, if slightly higher, than C's revised valuation, which has reduced over time. So I'm satisfied, in the specific circumstances of this case, that P's valuation is the fairest valuation.

It follows that I think Admiral should pay the shortfall between its valuation of £17,702.67 and £18,194, which is £491.33, to Mr A. 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.

Mr A had made other complaints about Admiral's service. For example, amongst other things, he was unhappy that it had, on more than one occasion, given him incorrect information about its valuation process. He also complained about a lack of communication and updates overall. Admiral has acknowledged that it didn't get everything right and offered him compensation totalling £300 to address the impact of that.

Mr A doesn't think the compensation Admiral has offered goes anywhere near close enough to providing adequate compensation. He's told us that he is now suffering from a health condition which he attributes to the stress he suffered when dealing with Admiral.

I was sorry to read of Mr A's health problems. And I don't wish to downplay the seriousness of his condition. But I've seen no evidence, beyond Mr A's assertions, that links the onset of his condition to Admiral's actions. So I don't think it would be fair to conclude that his condition was solely brought on by any issues he experienced when dealing with Admiral. In those circumstances I don't intend to instruct Admiral to increase the compensation payable because of Mr A's medical issue.

That said I note that Admiral's offers of compensation do not factor in the additional distress and inconvenience he suffered because it had initially undervalued his car. To address the impact of this, I think it needs to increase its total compensation award to £400. I think that's a fair sum in the circumstances because it recognises the considerable distress, upset and worry that Mr A suffered because of Admiral's mistakes and when attempting to secure what he felt was a fair valuation for his car. I'm also satisfied the matters have required extra effort for Mr A to sort out over a number of months.

Putting things right

I require Admiral to:

- Pay Mr A the difference between its valuation and the fair valuation of £18,194. By my calculation that sum is £491.33. It must then add simple interest at a rate of 8% a year to the sum paid from the date it originally settled the claim to the date it makes payment².

² If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr A 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.

- Pay Mr A additional compensation to bring the total compensation figure up to £400. So, unless it has already made further compensatory payments, on top of the £175 initially offered, it needs to pay him an additional £225.

My final decision

For the reasons set out above I uphold this complaint. Admiral Insurance (Gibraltar) Limited must take the steps set out under the heading 'putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 January 2026.

Joe Scott
Ombudsman