

The complaint

Mr T complains that Admiral Insurance (Gibraltar) Limited (“Admiral”) undervalued his vehicle and then disposed of it without telling him following a claim under his car insurance policy.

What happened

Mr T had a motor insurance policy with Admiral covering his vehicle, which is an older model 4x4.

He was involved in an incident causing damage to his vehicle. He contacted Admiral and made a claim.

Admiral looked into it and thought his vehicle would be beyond economic repair and would be written off. As there were so few versions on the market, Admiral had an independent assessor value the vehicle at £1,289, which would be subject to the deduction of his excess.

Mr T wasn't happy about this valuation. He said he'd paid £4,100 only six months before from a classic car auction.

He complained to Admiral about its valuation. He also had fitted new tyres and the car had a registration plate that he thought had some value. He provided evidence of the price he'd paid, and some adverts for comparable vehicles.

Admiral wouldn't increase its valuation. Mr T contacted it on 18 January 2025 and asked to retain the salvage if Admiral wasn't going to increase its offer.

Admiral contacted him about a month later telling him it had already disposed of the vehicle and the numberplate.

It apologised and paid Mr T £250 compensation for its mistake in disposing of it and its poor communication. It didn't agree it had paid below market value.

Mr T brought his complaint to this service. He asks that Admiral pays £4,200 for the vehicle, and an extra £700 for the tyres and personalised number plate. He comments that if he'd been able to retain the vehicle, he would probably have sold the parts.

Admiral then responded and offered Mr T a further £250 compensation. Mr T refused this.

Our investigator looked into his complaint and thought it wouldn't be upheld. She said she didn't think she could take into account the tyres and number plate, and she thought on the evidence, Admiral's value of £1,289 was fair.

Mr T didn't agree with the view. He asked that his complaint was reviewed by an ombudsman, so it's been passed to me to make a decision.

I issued a provisional decision intending to uphold Mr T's complaint, as I didn't think Admiral's valuation process was fair:

Admiral's policy wording says it will settle Mr T's claim by using his car's market value, which is defined 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."

The approach of this service, and Admiral's policy wording, is to use valuation guides to arrive at a valuation for the car. The age of Mr T's vehicle means that the valuation guides don't provide a range of values. So in Mr T's case, Admiral asked an independent assessor to provide a valuation for his vehicle.

The assessor used two adverts, for vehicles priced at £1,000 and £1,658. They took an average of those two adverts to arrive at the market value of £1,289 I've mentioned above. The assessor's report is a 'desktop' report and makes no comment about the condition of the vehicle.

Mr T said he bought his vehicle with an extensive service history.

In cases like this where there's no evidence from the valuation guides, both parties can provide evidence in the form of adverts for similar vehicles. I've mentioned above that two of them provided by Admiral's assessor were valued at £1,000 and £1,658.

Mr T has provided adverts valuing vehicles at £3,000 (for a model of the same specification, mileage and engine), another at £3,000 (no mileage shown and unknown specification), and one at £2,595 (lower mileage, unknown specification). He's provided other adverts, but I can see that some are for a different fuel type and some are much newer.

I'd emphasise that all the adverts referenced show asking prices for vehicles, rather than the actual selling prices.

But it seems to me that there is one more comparable, which is Mr T's own purchase. This was six months before the claim, and I can see from the evidence that he bought the vehicle for £4,100. He bought it from a classic car auction house, which does suggest a certain niche market.

I can see from the file that the auction house's estimate was a value of £2,000-£3,000. Mr T paid significantly more than this.

When this service uses valuation guides as the basis for checking a vehicle's valuation, we would say that an insurance company should pay the upper end of the values, unless it has evidence why that valuation is incorrect.

I've thought about Admiral's approach by appointing an assessor to carry out a valuation. It seems to be that this assessor carried out a basic desktop assessment on the basis of just two versions of the car – and I don't think its approach is reasonable.

Taking that into account, it seems to me that a fair value for Mr T's car is £3,000 in line with the upper end of the auctioneer's guide price.

Mr T has also complained about the loss of the number plate on his vehicle. From the information on file, this was the vehicle's plate rather than a 'private' or cherished plate. What this meant was that, when Admiral disposed of the vehicle without telling him, the plate was lost.

The price he'd paid for the vehicle included the number plate. Mr T commented that the plate holds some value, and he's supplied adverts for similar formatted numbers that show asking prices of several hundred pounds to a few thousand pounds. Again, these are asking prices rather than sold prices. It's difficult to say what proportion of the value of his vehicle the number plate would represent, as the sale of it is often heavily dependent on the buyers in the market (for example, if a person with the same initials as the plate in question).

I've thought about this carefully, as I reasonably think that, perhaps, the value of the numberplate was included in the estimate from the auction house. And there's no guarantee that Mr T would have been able to retain and sell the numberplate at the values he suggests.

Mr T has also said he'd bought new tyres for the vehicle, and these have a retail price of over £1,000 for the four. It's difficult to take the tyres into account, as consumables like tyres are part of an insurer's assessment of a vehicle's value. I'd say that, if the tyres were badly worn, then their condition would negatively affect the vehicle's value, but tyres in good condition may only mean the vehicle achieves its 'true' market value.

I can also see that Mr T asked Admiral to retain his vehicle. I've mentioned above that Admiral apologised for disposing of it, which was after a mistake made by its claims handler. This mistake meant Mr T lost his vehicle, the tyres, and the registration number. Admiral wrote to this service to say that Mr T was told he could retain the number plate, but I can see from the file it told him this after it had already disposed of the vehicle.

I don't think this is good service of Admiral. I can see it's said it would pay a total of £500 compensation to him, which I think is fair and in line with this service's guidelines.

Taking everything into account, I think asking Admiral to place a market value on the car of £3,000 produces a fair result. I do appreciate Mr T may disagree with my thoughts, but this is an evidence-based service and the auction house and adverts seem to show that value is fair. I also appreciate Admiral may disagree given that's higher than the market value it arrived at. For the avoidance of doubt, this figure includes whatever value the numberplate may have had.

It's my understanding that an interim payment has been made, so interest at 8% simple should be added to the difference between that interim payment and the revised settlement amount from the date the interim payment was made to the date this payment is made.

So, I'd ask that both parties consider my provisional decision and respond. If they wish to dispute the figures I've used, then they need to supply evidence why.

Responses to my provisional decision

Mr T agreed with my provisional decision.

Admiral responded and said it didn't think the numberplate added any additional value to the car. It disagreed with the valuation I thought was appropriate, because the adverts it supplied placed a much lower value on the car. It thought the auction guide price meant the car could have sold for £2,000.

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 read Admiral's response carefully and I'll point out that I didn't ascribe a value to the

numberplate and only said that the price the car was bought for at auction included whatever value this had. I'd remind Admiral that it offered the numberplate to Mr T, but only after it had already disposed of it.

In my provisional decision, I asked both parties for evidence of why they thought the revised valuation was incorrect. Admiral said its review of adverts was its rationale, but I set out above that I didn't think its process was fair. It hasn't provided me with additional evidence that would change my mind, so my final decision and reasoning remain the same as my provisional decision.

My final decision

It's my final decision that I uphold this complaint. I direct Admiral Insurance (Gibraltar) Limited to:

- Settle Mr T's claim at a market value of £3,000, subject to the terms and conditions of his policy. Interest at 8% simple should be added to the balance between the interim payment and this payment, from the date the interim payment was made to the date this payment is made.*
- Pay Mr T a total of £500 compensation for his distress and inconvenience. It's my understanding that £250 has already been paid, so this can be deducted.

*If Admiral considers that it's required by HMRC to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Admiral must pay the compensation within 28 days of the date on which we tell it Mr T accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 January 2026.

Richard Sowden
Ombudsman