

## **complaint**

Miss C complains (through her father) that Admiral Insurance Company Limited mishandled her claim on a motor insurance policy.

## **background**

Miss C got a fixed penalty for excess speed (code SP30). A few months later she took out a policy with Admiral. But she didn't tell it about the SP30 then or when she renewed the policy. Then she got a brand new car via a finance company. When the car was about seven months old, someone took it and Miss C didn't get it back. So she made a theft claim. She complained that Admiral put a low value on her car and then deducted one third for non-disclosure of the SP30.

The adjudicator recommended that – since she brought her complaint to us - Admiral had:

1. made a fair and reasonable valuation of Miss C's vehicle;
2. made a payment proportionate with the premium Miss C had paid;
3. made a fair offer of £200 compensation for its service.

Through her father, Miss C disagrees with the adjudicator's opinion. He says, in summary, that her SP30 shouldn't make any difference to the risk of theft or the premium. And Admiral should value the car at its price new, he says.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Miss C was a young driver.

From a transcript, I'm satisfied that – when he set up the policy in her name in late 2012 – Admiral asked Miss C's father to confirm information he'd input online as follows:

*“And there are no motoring offences in the last 5 years resulting in a fixed penalty, endorsement, conviction or disqualification?”*

He answered: “No”

On the renewals in 2013 and 2014, the policy documents recorded the question and answer:

*“Have you or any driver been involved in any motoring offences in the last 5 years. policyholder... none”*

I think these were clear questions.

As she had an SP30 dating from mid-2012, Miss C's answer was incorrect in each of the three years. And, as her first incorrect answer came only a few months after the SP30, I'm not satisfied that Miss C (or her father on her behalf) took reasonable care to give a correct answer that year or the next two years.

In 2014, Miss C paid a premium of about £522.

There's conflicting information about what her premium would've been in 2014 if she'd disclosed the SP30. I will come back to that.

Some motor policies insure cars (for example classic cars) at a pre-agreed value.

And some motor policies insure new cars for up to a year at the list price of a new one (sometimes subject to a proviso about the value of the old one).

But - like most motor policies – Miss C's covered the value of her car immediately before its loss.

Our approach to valuation disputes is to look at whether the firm's offer is fair and, if not, to require it to provide a settlement figure based on what we consider to be a fair value. We decide what constitutes a fair value by reference to the motor trade guides for valuing second-hand vehicles and any evidence submitted by the parties.

The age, condition and mileage of each vehicle are important factors to consider.

I place more weight on trade guides as they are based on actual selling prices. I place less weight on advertisements for similar vehicles as vehicles do not normally sell for the price at which they are advertised.

The trade guides contain the following figures for a vehicle like Miss C's:

|        |          |
|--------|----------|
| CAP    | £10,950  |
| Glass' | £10,690. |

Admiral's initial valuation was lower than I would expect. But – at about the time she brought her complaint to us – Admiral increased its valuation to almost exactly the CAP figure. So I can't say that was unfair.

Admiral proposed to pay only a proportion of the valuation. It said that proportion should be the same as the proportion that Miss C's payment of about £522 bore to the premium she would've paid if she'd disclosed the SP30. It said that proportion was about two thirds.

I accept that the claim was for theft rather than accident damage. But I don't think that a proportional deduction was unfair in the circumstances.

Admiral also had to deduct the policy excess of about £150.

It made payments to the finance company totalling about £7,200.

Miss C's father got online quotes which he says show that the SP30 didn't make any difference. But the quotes aren't for 2014, but for 2015 when Miss C was a year older. And the quotes don't actually show that they were based on disclosure of an SP30.

More recently Admiral has said that – instead of about £522 - the correct premium in 2014 would've been about £616. So it applied a proportion of about 84% of the valuation.

Admiral apologised for giving conflicting figures. And it offered £200 compensation for this lapse in its service.

Admiral's response to the complaint would've been better if it hadn't given conflicting figures. But on balance I accept the most recent figures. So I think it's fair and reasonable to order Admiral (to the extent that it hasn't already done so) to settle Miss C's claim (by paying her or if it prefers her finance company) as follows:

|                        |            |
|------------------------|------------|
| pre-accident value     | £10,948.17 |
| multiplied by 84.69% = | £ 9,272.01 |

|             |            |
|-------------|------------|
| less excess | £ 150.00   |
| balance     | £ 9,122.01 |

Admiral had significantly underpaid Miss C's claim. I haven't seen enough evidence that this caused her to be without a replacement vehicle. But I will order Admiral to add interest at our usual rate on any further sum it pays her.

I don't doubt that – by its conflicting positions – Admiral has caused Miss C extra trouble and upset at an already difficult time for her. I think its offer of £200 is fair and reasonable compensation for this.

### **my final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I order Admiral Insurance Company Limited to:

1. (to the extent that it hasn't already done so) settle Miss C's claim (by paying her or if it prefers her finance company) as follows:

|                        |            |
|------------------------|------------|
| pre-accident value     | £10,948.17 |
| multiplied by 84.69% = | £ 9,272.01 |
| less excess            | £ 150.00   |
| balance                | £ 9,122.01 |

2. pay Miss C simple interest on the amount of any payment it makes under paragraph 1 above at the yearly rate of 8% from 28 April 2015 to the date of such payment. If it decides it has to deduct tax from the interest element of my order, it shall send Miss C a tax deduction certificate when it pays her. She can then use that certificate to try to reclaim the tax, if she's entitled to do so;
3. pay Miss C £200 for trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 8 April 2016.

Christopher Gilbert  
**ombudsman**