

## **complaint**

Mr D is unhappy with the valuation Admiral Insurance Company Limited offered for his car after he made a claim on his motor insurance policy.

## **background**

Mr D's car was badly damaged in an accident which wasn't his fault. It was assessed as being damaged beyond economic repair and so it was written-off.

Mr D contacted the third party insurers at first but he wasn't happy with its valuation of the car. So he asked Admiral to deal with the claim.

Admiral valued the car at just over £2000. It made an offer based on this valuation after deducting the remaining policy premiums and the salvage value of the car. This was because Mr D said he wanted to keep the car.

But Mr D was unhappy and said that amount wasn't enough for him to buy a like-for-like car as a replacement. He says that his car was rare, in excellent condition and had been maintained by a specialist garage at great cost over the years.

He brought his complaint to us. The adjudicator felt the valuation was fair. He pointed out that it was the highest valuation in the motor trade guides. Mr D provided an advertisement for a similar car which suggested a higher value. He said he had negotiated a lower sale price with the seller but Admiral wouldn't increase its offer.

Mr D asked for an ombudsman's decision and the case was referred to me.

I reviewed everything and thought that the complaint should be upheld. I wrote to Admiral and said that I felt this was an unusual case where the guide prices were not the best evidence of the cars true market value. I said it was better to base the valuation on the sale price Mr D had negotiated for a similar car which was actually for sale.

Admiral didn't agree. It said that it had taken the market value from the industry guides and this was in line with guidance from this service. It also said that Mr D could have taken an "agreed value" policy if he felt the car was rare.

Admiral also said that it was for Mr D to ensure the policy was suitable for him. And that it values all cars in the same way to make sure it treats its customers fairly.

Mr D has also said that the car has been insured with Admiral for some time. He wasn't asked about the value of the car when he renewed his policy. The car he'd seen that was for sale wasn't even in as good a condition as his car was.

Mr D has also provided a more recent advert for a similar car which is for sale at a substantially higher price.

## **my findings**

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

I've decided to uphold this complaint and I'll explain why.

I can see that Admiral has based its valuation on the industry guides available. In fact its offer is based on the highest guide price. In most cases this service would say that is a fair approach to take. But I think this case is unusual, as this car is very rare. There is little availability because only a small number of these cars were produced when they were manufactured.

Given how rare the car is I don't think the guide prices are the best evidence of the true market value. There aren't likely to be many sales to base an accurate valuation on. This lack of accuracy may be shown by the wide difference between the two guide prices that were available. Our guidance does say that we may rely on advertised sale prices where a car is rare. And I think that is the case here.

In this specific case I think the purchase price Mr D was able to negotiate for a similar car is better evidence of the market value of his car.

His policy says that if his car is written-off Mr D can have the market value calculated by looking at the cost of replacing his car with one of a similar make, model, year, mileage and condition based on the market price at the time. That is the value I've decided to award and so I don't think the policy is unsuitable or that he should've taken another policy instead.

I have considered Mr D's comments about the condition of the car he may be able to buy. But I think it is fair to base the market value on its purchase price despite any difference in condition. I think that price is the best guide.

I've looked at the more recent advert Mr D has sent. But this car is older and so even rarer. The sale price also includes the distinctive registration plate which would be of value itself. So I don't think this advert is better evidence of the pre-accident value of Mr D's car.

Mr D will need to decide if he wants to keep the salvage. If not, Admiral has offered to deal with this and pay him the salvage value.

### **my final decision**

So for these reasons, I uphold this complaint about Admiral Insurance Company Limited. It should recalculate its offer to Mr D based on a market value for the car of £3,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 4 April 2016.

Keith Taylor  
**ombudsman**