

The complaint

Mr W has complained about the amount Admiral Insurance (Gibraltar) Limited has paid in settlement of his claim under his Car Insurance policy.

What happened

Mr W's vehicle was damaged in an accident and he made a claim under his policy. Admiral decided his vehicle was a total loss. It offered a settlement based on the market value of the vehicle being £20,200 at the time of the loss. Mr W wasn't happy with this amount, as he thought it would cost a lot more than this to replace his vehicle. He complained to Admiral about this and a number of other things.

Admiral issued a final response letter in which it said it was satisfied the market value it had used to settle Mr W's claim was correct. So, Mr W asked us to consider his complaint about this and the fact he'd not been able to replace his car as a result of having to dispute the settlement offer by Admiral.

One of our investigators considered Mr W's complaint. He didn't think it should be upheld because he was satisfied that the market value Admiral had used to settle Mr W's claim was reasonable.

Mr W didn't agree with the investigator and asked for an ombudsman's decision. I issued a provisional decision on 20 November 2023 in which I set out what I'd provisionally decided and why as follows:

Having done so, I've provisionally decided to uphold it and make Admiral pay Mr W a further amount in settlement of his claim. I've explained why below.

Under the terms of Mr W's policy if Admiral decides his car is a total loss it has to pay him the '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.'

Admiral only used two guides to decide what the market value of Mr W's vehicle was. And I can see why this led it to conclude the market value of £20,200 it reached was reasonable. We use four guides and we also consider adverts that are provided with these guides. And I think the adverts provided with the Percayso valuation for similar vehicles to Mr W's with a similar mileage for sale at the time his was damaged show the market value it suggests is correct. There is an advert for one which had done 57,000 miles at £21,945. And an advert for one that had done 52,000 miles at £21,500. And I think these and the other guide we use (Autotrader) suggest that the market value, i.e. the cost of replacing Mr W's car would have most likely been what Percayso suggests. This is £21,354. And I think if Admiral had done more research and checked adverts when Mr W said he wasn't happy with its valuation, it would have realised this. Instead, it seems it just stuck with the guides it normally used and this left it insisting the market value it had decided on was right.

I do of course appreciate our investigator took a different view to me, but I have to decide what I think is fair and reasonable. And I cannot ignore the evidence of the guides and the adverts I've seen which suggest a market value of £21,354 is correct. And this means I think the fair and reasonable outcome to Mr W's complaint is for Admiral to pay him a further £1,154 in settlement of his claim; plus interest at 8% per annum simple from the date it paid the previous amount to the finance company to the date of payment to Mr W. This is to compensate Mr W for being without these funds.

I've also considered Mr W's point that he could not replace his car while he was disputing the settlement offer made by Admiral. However, I can see Admiral cleared the majority of the finance on Mr W's vehicle; so I think he did have the opportunity to arrange finance to buy a replacement. So, I'm not going to award any compensation in this regard.

I gave both parties until 4 December 2023 to provide further comments and evidence. Both parties have responded to say they accept what I provisionally decided.

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.

As both parties accept what I provisionally decided, I see no reason to alter my view on the fair and reasonable outcome to Mr W's complaint.

Putting things right

For the reasons set out in my provisional decision, I uphold Mr W's complaint and order Admiral to pay him a further £1,154 in settlement of his claim, plus interest at 8% per annum simple¹ from the date it made the payment on his claim to the finance company to the date it pays this further amount to Mr W.

My final decision

I uphold Mr W's complaint about Admiral Insurance (Gibraltar) Limited and order it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 January 2024.

Robert Short
Ombudsman

¹ Admiral Insurance (Gibraltar) Limited must tell Mr W if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr W if asked to do so. This will allow Mr W to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.