

## **The complaint**

Mr Z complains that Admiral Insurance (Gibraltar) Limited offered an unfair settlement following a total loss claim on his car insurance policy.

## **What happened**

Mr Z had car insurance that was underwritten by Admiral. In December 2022 he made a claim after he was involved in an accident. The car was written off and Admiral offered a settlement of £11,350 before deductions for the excess and salvage. It said this was based on the market value of the vehicle.

Mr Z wasn't happy with this. He said he'd only bought the vehicle around five months before the accident and had paid £13,000. And since then he'd replaced the tyres and carried out other work that would have increased the value. He made a complaint, but Admiral didn't uphold it, so he brought it to this service.

Our investigator considered the complaint but didn't recommend it be upheld. He said Admiral had based its valuation on trade guides which this service considers to be the most reliable way of calculating a market value. And as the amount offered was within the range of these guides, he thought the offer was fair.

Mr Z didn't agree, he said that as one of the guides valued the vehicle at over £12,000 this showed that the offer was too low and should have been increased. He asked for the complaint to be reviewed by an ombudsman

## **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.

Mr Z's policy says that in the event of a total loss, it will pay the market value of the vehicle. It defines market value as follows:

*'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.'*

In order to calculate the market value, Admiral has considered valuations provided by trade guides. As this is what the policy terms say it will base the valuation on then this is fair and reasonable.

Further, this service considers trade guides to generally be the most reliable for these calculations as they are based on the amount vehicles have been sold for and take into account the specific car make and model, mileage and age. As well as the condition of the car.

Here, Ageas provided valuations from three trade guides. These produced values of £10,910, £11,350 and £11,132. And our investigator looked at further guides that produced values of £12,245 and £11,483. This service would expect an insurer to provide a settlement within the range of the trade guide valuations. And as Admiral offered £11,350, this is well within the range of the five different valuations we've seen. I'm therefore satisfied it's offered a fair settlement.

I understand Mr S doesn't feel the valuation is fair as he bought the car for more than this shortly before the accident and had done work on it to improve it. However his policy only requires Admiral to pay the market value of the car at the time of the accident. And Admiral has provided enough to show that what it's offered is a fair market value. And while I can appreciate it must be frustrating to have spent money on the vehicle before the accident, alterations and improvements don't necessarily increase the market value. So this doesn't persuade me that Admiral's valuation is unfair.

Finally I note that Mr Z has said that the highest valuation of £12,245 shows that the offer from Admiral isn't enough. There is always some variance in the value produced by different guides, which is why we expect insurers to check three before offering a settlement. However we consider an offer to be fair if it is within the range of the guide values. And wouldn't necessarily expect Admiral to just pay the highest, in the same way we wouldn't expect it to just pay the lowest either. As the settlement offered is within the range of the values from the guides, I'm satisfied it has acted in line with the policy terms and conditions and offered a fair and reasonable settlement.

### **My final decision**

For the reasons I've given, I don't uphold Mr Z's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 8 September 2023.

Sophie Goodyear  
**Ombudsman**