

The complaint

Mr W complains about how Admiral Insurance (Gibraltar) Limited (“Admiral”) valued his car following a claim he made on his car insurance policy following the theft of his vehicle.

What happened

Mr W has comprehensive motor insurance with Admiral.

Mr W purchased a new car in March 2023 and updated his policy with Admiral to reflect the new vehicle. The purchase price of the car was £31,500 so he insured his vehicle for £32,000.

Unfortunately a few days later Mr W’s house was broken into and the keys for the car were taken. This resulted in his car being stolen. Mr W says he notified the police immediately and reported the theft to Admiral.

Admiral requested the log book, hire documents, settlement agreement, and the spare key which he provided as soon as he was in possession of them.

Mr W says he called Admiral continuously to get updates on his claim. At the beginning of April he was offered £28,235 for the car. Mr W was unhappy with the valuation since he had purchased the car for £31,500 in the days before the theft, and he had insured it for £32,000.

Mr W says he should be left in the position he was in prior to the incident and so wants Admiral to review the settlement offer. Mr W says he was told the settlement offer was based on two industry guides but given he only purchased the vehicle recently he thinks a more reasonable indicator is the purchase price.

Mr W says the situation has caused him a lot of stress and he remains unhappy with the settlement offer. So he complained to Admiral.

Admiral said the market value doesn’t mean the price paid for the car or its perceived value. Admiral explained it used two industry recognised guides to assist in valuing second-hand cars. It said the top book valuation across the two guides was £28,235 and so it was satisfied it had correctly valued Mr W’s car.

Mr W remained dissatisfied and so he referred his complaint to this service. One of our investigators looked into things for him. She said Admiral’s policy is to pay market value if an insured car is stolen. And she was satisfied the settlement offer was reasonable when considering the online trade guides and advertised prices of similar cars.

Mr W didn’t agree. He said it was impossible to purchase a similar car for less than £29,000 at the time of the incident. So the complaint has come to me to decide.

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.

This service's role isn't to work out exactly what the value of an individual vehicle is. We look at whether the insurer has applied the terms of the policy correctly and valued the vehicle fairly. Under the terms of the policy Admiral must pay the market value of the car at the time of loss less the excess.

Valuation of the vehicle

Mr W's policy says, "*the most we will pay is the market value of the vehicle.*". The policy defines market value 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.*"

I need to consider whether Admiral used the right market value for Mr W's car under the terms of the policy. Valuing cars by using motor trade guides is standard practice in the industry. So our approach in these types of cases is to check the relevant trade guides and consider whether the insurer has made an offer that's in line with them. The guides are based on transaction data – actual selling prices – so give a more realistic indication of a car's valuation than adverts, which don't account for any negotiations that take place over the sale price.

Admiral says the purpose of the policy is to indemnify the customer following an insured loss, but the market value doesn't necessarily mean the price paid for the car. It does this by using the guides referred to above. Admiral reviewed its initial valuation and maintained its original offer was reasonable. Having reviewed the evidence, I'm satisfied this figure fairly reflects the price Mr W would have had to pay for a comparable car at the time his was stolen.

Mr W complains that Admiral's offer is lower than the prices he was able to find online and that he hasn't seen a comparable car or the price of the settlement value. Mr W provided a number of cars similar to his own which showed a variance in price. But the variance in price demonstrates that valuing a car isn't an exact science. And having looked at the adverts provided, while they do give an idea of the selling price of cars with similar specifications to Mr W's, they don't give details of the actual sold price of the car. The selling price has an element included to allow for negotiation.

As mentioned above the guides are based on extensive nationwide research of likely selling prices. So while individual cars may be advertised at a higher or lower price, the guides give an average value of a car with its specific characteristics. It's for that reason I think the valuation of £28,235 is reasonable.

Mr W paid £31,500 for his car and says he did a lot of research before he made the purchase. I don't doubt that he did. But some people pay more than the retail price suggested by the guides for their car and some people pay less. This means what Mr W paid for his car isn't necessarily the market value at the time he bought it, or what he's entitled to under the terms of the policy if the car is stolen a short time after this, as is the case here.

I can see our investigator carried out her own checks on the valuation of the vehicle and these showed similar values to those found by Admiral. It's for that reason I think the valuation used by Admiral is reasonable.

Taking all this into account I can't say Admiral has acted unreasonably. The terms and conditions of the policy set out how it will settle a claim. The guides it used refer to

advertised and auction prices to work out what the likely selling price for the same vehicle would be. This takes into account the specifications of the vehicle as well as the mileage. The valuation report shows it has factored in material details relating to Mr W's car. And in line with the terms and conditions Admiral has considered the market value at the time of the loss. On this basis I can't say Admiral has acted unfairly or unreasonably in arriving at its valuation.

I appreciate Mr W's concern with the amount he was offered, and he feels it falls short of allowing him to buy a like for like car in a similar condition. And I understand this situation is more frustrating considering it arises out of an incident which isn't Mr W's fault. However I can't say the offer Admiral made is unreasonable and so I'm not directing it to pay anything more.

My final decision

For the reasons explained above I'm not upholding Mr W's complaint about Admiral Insurance (Gibraltar) Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 September 2023.

Kiran Clair
Ombudsman