

## **The complaint**

Mr W complains that the settlement payment Admiral Insurance (Gibraltar) Limited (Admiral) offered him following the total loss of his vehicle was unfair, under his motor insurance policy.

## **What happened**

Mr W's car was damaged in a collision. He made a claim to Admiral. It determined his car was a total loss and offered him £8,095 in settlement of his claim. Mr W says this is significantly below its true value. He says this type of vehicle has a community following that he's part of. He follows the buying and selling of these vehicles closely. Mr W says his vehicle was well looked after and is worth much more than Admiral offered.

Mr W says he's been unable to source a replacement vehicle to the same standard and specification for the settlement payment offered. This has meant borrowing his parent's car when it's available and his children have missed out on activities. Mr W says this has been a stressful experience.

In its complaint response Admiral says it uses industry recognised trade guides to value vehicles. In this case it wasn't able to obtain valuations from the trade guides, so it appointed an independent assessor to value Mr W's vehicle. It says its settlement offer is fair based on this assessment.

Mr W disagreed and referred the matter to our service. Our investigator upheld his complaint. He obtained trade guide valuations that gave an average value of £9,534. He thought Admiral should settle Mr W's claim based on this amount. He says it should also pay 8% simple interest on the difference between this and its lower offer.

Mr W didn't agree and asked for an ombudsman to consider his complaint. Admiral didn't confirm if it accepted our investigator's findings.

As an agreement wasn't reached it has been passed 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.

Having done so I'm upholding Mr W's complaint. I'm not adding to the outcome our investigator thought was reasonable. I realise this will come as a disappointment. But I will explain why I think my decision is fair.

I understand that Mr W wants the best offer he can get following the total loss of his vehicle. Having read his policy terms, the policy provides the market value in the case of a total loss. This is defined in Mr W's policy booklet 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.”*

We don't provide valuations for vehicles but rather we look to see whether the insurer's offer is reasonable. In assessing whether a reasonable offer has been made, we obtain valuations from the motor trade guides.

These guides are used for valuing second-hand vehicles. We find these guides to be persuasive because their valuations are based on nationwide research and likely sales figures. The guides also consider regional variations. We also take all other available evidence into account, for example, engineer's reports.

Mr W says he can't find similar cars advertised at the price Admiral offered him. I've looked at the adverts he provided showing cars for sale. These vary in price, age, and mileage. The prices range from £10,500 up to £14,490. These adverts are taken from different publications including a social media site, a website advertising accident damaged vehicles for sale, and other online marketplaces.

Although I've looked at this information, we don't generally find advertisements particularly persuasive as these are essentially asking prices and aren't selling prices. It's for this reason that the trade guides are used as they provide evidence of likely retail selling prices.

Our investigator didn't think Admiral's offer was fair as he was able to obtain two trade guide valuations that gave a higher average valuation. I can see that he used the correct year, make, and model for Mr W's car along with the correct mileage when obtaining these valuations. The values obtained were £7,975 and £11,092. The average of these being £9,534.

Although we don't generally consider advertised for sale prices to be particularly persuasive, I can see our investigator did obtain some examples of similar vehicles for sale. The adverts varied from £7,995 up to £12,795. Although the higher of these appears out of line with the other advertised selling prices. And another with an advertised price of £11,500 is for a vehicle that is two years younger with less mileage than Mr W's vehicle.

Valuing second-hand vehicles isn't an exact science so I'd expect there to be a range of values where different trade guides are used. Having considered the trade guide valuations, along with the for-sale advertisements Mr W provided, and those our investigator obtained, I think taking the average of the two trade guide valuations is the fairest way to value Mr W's vehicle. The advertisements largely support this valuation. So, I agree with our investigator that Admiral should pay Mr W £9,534 in total. Plus 8% simple interest on the difference between this and Admiral's lower valuation.

I've thought about Mr W's comments that he wasn't offered a courtesy car during any of this. And that he's been inconvenienced and distressed as he couldn't buy a replacement car. I can't see that his policy provides for a courtesy car in the event of a total loss decision. Although Admiral's settlement offer was, I think, lower than it should've been - Mr W did have the option to buy a replacement car using Admiral's settlement offer. This would've mitigated the issues he describes with not having transport for his family.

In summary, I don't think Admiral treated Mr W fairly in the settlement amount it offered him. It should now pay him £9,534 in total plus 8% simple interest on the difference between this amount and its offer. It should calculate interest from the date its offer was first made until payment is provided.

### **My final decision**

My final decision is that I uphold this complaint. Admiral Insurance (Gibraltar) Limited should:

- pay Mr W £9,534 in total to settle his claim, plus 8% simple interest on the difference between this amount and its original offer, from the date of its offer until the payment is made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 October 2023.

Mike Waldron  
**Ombudsman**