

## The complaint

Mr W complains that Admiral Insurance Company Limited mishandled his claim on a commercial vehicle insurance policy.

## What happened

The subject matter of the claim and the complaint is a van, first registered in 2013.

For the year from mid-May 2022, Mr W had the van insured on a comprehensive policy with Admiral. The premium was about £500.00. Any claim (except a glass claim) was subject to an excess of £250.00.

Unfortunately, in mid-November 2022, Mr W reported that a third party driver had caused an accident that had seriously damaged the van.

Admiral said the van was a total loss.

Mr W wasn't registered for VAT.

In mid-December 2022, Admiral sent Mr W a notification. It said that his van had been written off on a previous occasion, so the market value would be reduced by 20%. Admiral's figures were as follows:

Market value (if not previously written-off)	£6,559.20
less 20% deduction (as previously written-off)	£1,311.60
Market value (as previously written-off)	£5,247.60
Less balance of premium due	£ 45.58
Balance to Mr W	£5,202.02

Mr W complained to Admiral that it was under-valuing the van.

Admiral paid Mr W £5,202.02, waiving the excess.

By a final response dated mid-March 2023, Admiral referred to the CAP and Glass's trade guides. It said that the top book valuation was £5,954.60. Admiral declined to increase its valuation.

Mr W asked us to investigate.

### *our investigator's opinion*

Our investigator recommended that the complaint should be upheld in part. She said that the figures in the trade guides were as follows:

CAP	£5,275.00
Glass's	£5,466.00
Cazana	£6,494.00

None of those figures included VAT.

She thought that the advertisements supported the Cazana figure. She recommended that Admiral should:

1. pay the Cazana value (£6,494.00 plus VAT, minus any deductions); and
2. pay 8% interest on any amount above what Admiral had already paid Mr W.

*my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr W and to Admiral on 20 December 2023. I summarise my findings:

I was minded to find it fair and reasonable to direct Admiral to pay Mr W, in addition to the £5,202.02 already paid, a further sum as follows:

Market value (as previously written-off)	£6,234.24
Less already paid	£5,202.02
Less outstanding premium	£ 45.58
Balance due to Mr W	£ 986.64

Subject to any further information either from Mr W or from Admiral, my provisional decision was that I upheld this complaint in part. I intended to direct Admiral Insurance Company Limited to pay Mr W (in addition to the £5,202.02 already paid):

1. £986.64 for his lost van; and
2. simple interest on that amount at a yearly rate of 8% from 16 December 2022 to the date of payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr W how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr W disagreed with the provisional decision in part. He says, in summary, that:

- From the first "written off" incident, the repair cost was less than £400.00. Neither he nor the repairer understand why the van was written off.
- After the second "written off" decision, the vehicle is now fully repaired by its new owner and back on the road with an MOT certificate. He doesn't understand why Admiral wrote it off.
- As he is not VAT- registered, he would expect to get the full 20% VAT they didn't include back plus the under- valued amount too.

Admiral had no comment on the provisional decision.

## 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.

I've noted the make, model, specification, age, mileage and condition of Mr W's van immediately before the accident.

I accept what Mr W has said about the maintenance and condition of the van before the accident. That included new brake pads and new tyres. However, I consider that such items are already priced into the trade guide figures.

Admiral has asserted that CAP and Glass' extract data from actual selling prices. However, my understanding is that CAP and Glasses use auction data as their primary source from which to estimate the likely selling price.

I need to state clearly that the Financial Ombudsman Service has evolved its approach to complaints about the valuation of used vehicles. We will continue to look at the retail figures in the four trade guides - CAP, Glass's, Percayso (formerly Cazana) and Auto Trader. However, from December 2023, we will usually regard the highest of those figures as fair unless there is enough evidence to the contrary.

Auto Trader does not give a valuation for a vehicle like Mr W's.

Mr W provided a few advertisements but some of them were for vehicles with a lower mileage than his.

Admiral initially relied on the CAP and Glass's figures. When we provided the Cazana figure, Admiral dismissed it as an outlier. More recently Admiral has included the Cazana figure in an average of the three figures.

The highest trade guide figure is the Cazana figure of £7,792.80 including VAT. And I'm not persuaded that there's enough evidence to show that it's unfair or an outlier. So – subject to the deductions mentioned below – I consider that a fair valuation of Mr W's van at the time of the accident was £7,792.80 including VAT.

Admiral used a lower figure of £6,559.20 including VAT.

It also applied a deduction of (approximately) 20% of that figure because the van had been written off before. Admiral's final response mentioned such a deduction. I find it likely that it had got that information from a shared database.

Mr W wrote a response addressed to us. He said the van had been professionally repaired and was in better condition than most. From that, I find that he wasn't denying that the van had been written off before.

I accept that it's fair to say that a van that had previously been written off carries a stigma that deters potential purchasers, such that it's worth about 20% less than a van that hadn't previously been written off.

So I find it fair and reasonable to direct Admiral to value the van as follows:

Market value (if not previously written-off)	£7,792.80 including VAT
Less 20% deduction (as previously written-off)	£1,558.56

Market value (as previously written-off)	£6,234.24
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Admiral also made a deduction of £45.58 for outstanding premium. I would expect Admiral to have an accurate record of that. And Mr W hasn't challenged it. So I don't find it unfair.

#### Response to the provisional decision

Mr W says that the van suffered only minor damage before the first write-off. However, he accepts that it was written off. And that fact will have been recorded so as to be accessible to potential purchasers. So I don't find it unfair to say that the van was worth about 20% less than a van that hadn't previously been written off.

Mr W says that the van has been repaired and has a new MOT and is back on the road. And I've seen from an MOT history check that the van passed an MOT test in mid-December 2023.

However, Mr W's complaint to Admiral between mid-December 2022 and mid-March 2023 didn't include a complaint that it had unfairly treated the van as a total loss. So neither the investigator nor I have been able (under the rules by which we are bound) to deal with any such complaint.

Mr W says that he expects to get back 20% VAT. However, I'm satisfied that the market value of £6,234.24 includes VAT.

#### **Putting things right**

Continuing with the calculation, I find it fair and reasonable to direct Admiral to pay Mr W, in addition to the £5,202.02 already paid, a further sum as follows:

Market value (as previously written-off)	£6,234.24
Less already paid	£5,202.02
Less outstanding premium	£ 45.58
Balance due to Mr W	£ 986.64

As Mr W has been out of pocket since about 16 December 2022, I find it fair and reasonable to direct Admiral to add interest at our usual rate.

#### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance Company Limited to pay Mr W (in addition to the £5,202.02 already paid):

1. £986.64 for his lost van; and
2. simple interest on that amount of £986.64 at a yearly rate of 8% from 16 December 2022 to the date of payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr W how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 February 2024.

Christopher Gilbert

**Ombudsman**