

The complaint

Mr K complains about the claim settlement offered by Admiral Insurance (Gibraltar) Limited ('Admiral').

Admiral are the underwriters (insurers) of this policy. Part of this complaint concerns the actions of their appointed agents. As Admiral have accepted they are accountable for the actions of their agents, in my decision, any reference to Admiral should be interpreted as also covering the actions of their appointed agents.

What happened

The background to this complaint is well known to both Mr K and Admiral. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr K had a motor insurance policy with Admiral. He made a claim against his insurance policy. The car was deemed a total loss and Mr K was offered £3,190 to settle the claim.

Mr K was unhappy with this as he felt the settlement was too low and also that the hire car he was provided with would end when payment was sent to him. He complained to Admiral and as he remained dissatisfied with their response, he referred his complaint to our Service for an independent review. Our Investigator considered the complaint but didn't recommend that it be upheld. As Mr K disagreed, his complaint has now been referred to me for a final 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service.

Following his complaint referral to our Service, Mr K mentioned in an email (3 March 2023) to our Investigator that he was also unhappy with being unable to replace his children's car seats following the car valuation. As no evidence has been provided that this was raised with Admiral as part of the complaint referred to our Service, it won't be considered as part of this decision. I've asked our Investigator to make Admiral aware of this point as the policy terms (section 4: extra cover, page 14) potentially may be relevant here.

Our Investigator has explained the approach our Service takes to the type of complaint my decision will largely focus on. More detail can be found here <https://www.financial-ombudsman.org.uk/consumers/complaints-can-help/insurance/motor-insurance/vehicle-valuations-write-offs>

In summary, our Service generally thinks that the fairest approach for an insurer to take when making a valuation is to consider relevant motor trade guides. These are based on

extensive national research of likely selling prices rather than advertised prices. And they can provide valuations based on the make, model, age, condition and specification of a car. So we generally find them more reliable than adverts which don't take account of any negotiation from the advertised price.

Having considered the relevant trade guides, I'm satisfied that the offer made by Admiral is fairly within the range of the valuations. I find that Admiral have treated Mr K fairly when reaching their valuation.

Although it's unfortunate that Mr K has said he's unable to get a car for the same value he was offered, I've not found that he been treated unfairly by Admiral. The policy terms state that the most Admiral will pay is the market value. Market value is defined in the terms 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."

Mr K has told us about costs he incurred in the year leading up to the accident. Based on what I've seen, these were general car maintenance costs to keep it in good working order - rather than modifications or value adding additions. A car not maintained to a reasonable standard would (generally) have a lower value to the trade guides.

I've also noted Mr K's point about holding onto and scrapping the car himself, through breaking it down for parts as potentially being a better option (financially) for him. It should be noted that I can't see Mr K raised this with Admiral, but I've addressed it for completeness - as it stems from Mr K's dissatisfaction with the settlement value. I've not seen any evidence that Mr K requested to retain the car when Admiral were considering or settling the claim. I also wouldn't necessarily have expected Admiral to offer the option for Mr K to retain the salvage unless he prompted them. In any case, I'm satisfied that Admiral were acting in line with the policy terms:

"We will decide how to settle your claim and will either pay:

- *to repair your vehicle*
- *a cash sum to replace the damaged vehicle."*

The hire car

I'm satisfied that Admiral treated Mr K fairly, reasonably and in line with the policy terms when only providing a hire car for a short period after they offered the claim settlement to him.

Although my decision will disappoint Mr K, it brings to an end our Service's involvement in trying to informally resolve this dispute between him and Admiral.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 29 September 2023.

Daniel O'Shea

Ombudsman