

The complaint

Mr F complains that Admiral Insurance (Gibraltar) Limited mishandled his claim on a motor insurance policy.

What happened

The subject matter of the claim and the complaint is a saloon car, first registered in 2018. It had a powerful engine and four-wheel drive.

Mr F had the car insured with Admiral for the year from July 2021. He renewed the policy for the year from July 2022. Any theft claim was subject to an excess of £500.00.

Unfortunately, in December 2022, Mr F reported the car stolen.

Admiral said the car's pre-loss value had been £35,250.00. It deducted the excess of £500.00 and paid Mr F the balance of £34,750.00.

By early March 2023, Mr F had complained to Admiral that it was under-valuing the car, that it had mishandled telephone calls, and that it hadn't responded to all points of his complaint.

By a final response dated early April 2023, Admiral upheld the complaint insofar as it was about the handling of telephone calls and of the complaint. Admiral said it was sending Mr F £150.00.

Admiral's final response turned down the complaint about valuation. It referred to the Glass's and CAP trade guides and said that the top book valuation across the two guides was £34,195.00.

In mid-April 2023, Mr F brought to us his complaint about the valuation.

our investigator's opinion

Our investigator didn't recommend that the complaint should be upheld. He thought that Admiral's market valuation for Mr F's car was fair.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr F and to Admiral on 11 October 2023. I summarise my findings:

I referred to four trade guides. It wasn't fair that Admiral used the two trade guides that produced the lower two figures for Mr F's car. The valuation of £35,250.00 wasn't fair.

It was fair and reasonable to direct Admiral to increase its valuation from £35,250.00 to the average of the four trade guide figures - that is £36,619.00. That will require Admiral to pay a further £1,369.00.

Subject to any further information from Mr F or from Admiral, my provisional decision was to uphold this complaint in part. I intended to direct Admiral Insurance (Gibraltar) Limited to pay Mr F:

1. in addition to its payment of £34,750.00, a further £1,369.00 for his lost car; and
2. simple interest on £1,369.00 at a yearly rate of 8% from the date of his claim to the date of its further payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr F 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 F disagreed with the provisional decision. He says, in summary, that:

- The Glass or CAP valuations don't represent the true value of the car, taking into account the scarcity and demand for the specific vehicle.
- With the money paid out by Admiral, he hasn't been able to replace the car as no one is selling a car for anywhere near this price. This will also be the case with the additional £1,396.00 as there are no cars for sale for £36,619.00 or anywhere near that figure.
- The valuations of Cazoo & Auto Trader are both from a place where he can actually buy the car. An average between them would make an additional pay-out of £4,168.00 much fairer and more accurate.

Admiral hasn't responded to 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.

The Financial Ombudsman Service sees a number of complaints about the valuation of used vehicles. We will look at any relevant evidence.

We generally regard the retail figures in certain trade guides as persuasive. That's because they're based on extensive nationwide research into the likely selling price of a particular vehicle. Generally, the trade guides reflect the various aspects of supply and demand for a particular vehicle month by month.

Compared to the trade guides, we often find advertisements less persuasive. That's because they contain the sellers' asking prices, which may include scope for negotiation downwards.

From a DVLA vehicle check, I see that Mr F's car was first registered in March 2018, and that is the date of its most recent V5 registration document. So Mr F bought the car new in 2018, most likely from a dealer franchised by the manufacturer.

I accept that the policy covered the car up to its "market value" defined 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.”

I've noted the make, model, specification, age, recorded mileage and good condition of the car before the theft. For a car like that at the time of its theft, I've seen retail figures in the trade guides as follows:

Glass's	£33,750.00
CAP	£35,000.00
Cazoo	£38,410.00
Auto Trader	£39,316.00

I don't consider that the lowest figure is so out of line with all the others that I should regard it as an outlier. Similarly, I don't consider that the highest figure is so out of line with all the others that I should regard it as an outlier.

So I could take the view (as the investigator did) that all four of the trade guide figures form a range of reasonable valuations.

However, there is a significant gap between the lower two figures and the higher two figures.

So I've thought about the other evidence. Mr F provided a couple of advertisements for cars over £40,000.00. One of the advertisements was for a car older than Mr F's and one for a car younger than his. Each of them had a lower mileage than his. So I don't consider that the advertisements provide enough evidence to show that the two lower trade guide figures are less reliable than the higher two.

As the theft was about ten months ago, I don't consider that it would be helpful for me to look at recent adverts.

Overall, I find that it wasn't fair that Admiral used the two trade guides that produced the lower two figures for Mr F's car. I consider that the valuation of £35,250.00 wasn't fair.

In response to the provisional decision, Mr F suggests that we should use the Cazoo and Auto Trader figures as they are places where he could buy a car. However, that's not our approach unless there is evidence that the Glass's and CAP figures are less reliable for a particular vehicle.

I haven't found that the advertisements provide enough evidence to show that the Glass's and CAP figures are less reliable. And I don't find that Mr F's evidence about trying to find a replacement car is detailed enough to show that the Glass's and CAP figures are less reliable.

Putting things right

I find it fair and reasonable to direct Admiral to increase its valuation from £35,250.00 to the average of the four trade guide figures - that is £36,619.00. That will require Admiral to pay a further £1,369.00.

I find it likely that the valuation of £35,250.00 – which I've found unfair – caused Mr F some distress and inconvenience. But I consider that much of this was to do with being kept out of money, for which interest is compensation. So I won't direct Admiral also to pay compensation for distress and inconvenience.

As Mr F has been out of pocket in the amount of £1,369.00, I will 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 (Gibraltar) Limited to pay Mr F:

1. in addition to its payment of £34,750.00, a further £1,369.00 for his lost car; and
2. simple interest on £1,369.00 at a yearly rate of 8% from the date of his claim to the date of its further payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr F 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 F to accept or reject my decision before 23 November 2023.

Christopher Gilbert

Ombudsman