

The complaint

Mr A complains about Admiral Insurance (Gibraltar) Limited's ("Admiral") valuation of his car following a claim under his car insurance policy.

What happened

Mr A's car was written-off by Admiral following an accident. Mr A says the settlement Admiral offered him for his car wasn't reasonable, so he complained. Admiral responded and explained the market valuation for Mr A's car was £14,810. They said deductions were applied for the excess, outstanding premium, salvage value, and the outstanding finance on the car – and the remainder was payable to Mr A. Admiral explained they'd used two motor trade guides to value Mr A's car and, having reviewed the valuation and the deductions, they maintained the settlement payable to Mr A was fair. Admiral accepted they'd delayed in sending Mr A the settlement, so they sent £50 compensation and also added 8% simple interest to the settlement amount due to Mr A.

Our investigator looked into things for Mr A. She thought Admiral hadn't offered a fair settlement and recommended they increase the valuation to £15,097 and pay the difference to Mr A together with 8% simple interest on the additional settlement amount. Mr A disagreed so the matter has come to me for a 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.

Having done so, I've decided to uphold the complaint. And, I think the investigator's recommendation here is a fair way to resolve matters. I'll explain why I have made this decision.

My starting point is Mr A's car insurance policy document. This sets out the terms and conditions and says, if Admiral decide to pay a cash sum to replace a car, the most they'll pay is the market value of the car. 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... This value is based on research from industry recognised motor trade guides.*" The dispute here relates to the valuation, so the next point I've considered is whether Admiral acted fairly when carrying out their valuation.

In assessing whether a reasonable offer has been made, we obtain valuations from motor-trade guides. These are used for valuing second-hand vehicles. We find these guides to be particularly persuasive, largely because their valuations are based on nationwide research of likely selling prices. The guides refer to advertised and auction prices to work out what the likely selling price for the same vehicle would be. This takes into account all the specifications of the vehicle as well as any extras and the mileage.

Mr A is unhappy with Admiral's valuation of his car as he thinks it's worth more – particularly as he says he has found similar cars being advertised for £20,000. I've seen that Admiral reached their figure by using two industry recognised tools to find out the market value of the car. I can see they used CAP's to arrive at a valuation of £14,800 and Glass's which gave a valuation of £14,820. Admiral used the average to settle the claim at £14,810. I can see an Audatex report was also obtained and this provides a pre-accident valuation of £15,097.

I can see our investigator considered two further motor trade guides - Percayso which provided a valuation of £15,018 and AutoTrader which provided a valuation of £15,542. So, taking into account all four motor trade guides, the average is £15,045. I can see our investigator has recommended Admiral increase their settlement offer to £15,097 – which is in line with the Audatex report.

Given that the difference between the average valuation based on the two guides used by Admiral and the four guides is £235, I don't believe, in the circumstances of this case, Mr A received a fair settlement. I say this because Admiral only used two motor trade guides – and in this case they produced the two lowest valuations when compared with the other two guides. It's not the role of this service to put an exact value on a car. When looking into these types of complaints we check the relevant trade guides and consider whether the insurer has made a reasonable offer in line with them. It's our role to make sure Admiral is giving Mr A a fair price using a fair and recognised approach.

In this case, I can't say that has happened here as Admiral's valuation relied on only two guides – and they're the guides which, based on the valuations obtained by our investigator, produced the two lowest valuations. Admiral haven't provided any information to explain why the other two trade guides weren't used so I don't think they've followed a fair approach here. And given this has then led to a lower settlement amount being paid to Mr A, I don't think Mr A has received a fair price. Based on the information provided about Mr A's car and using the trade guides, I don't think Admiral have carried out a fair valuation.

So, I've thought about what a fair valuation would be in the circumstances of this case. I can see the range of guide valuations is narrow in this case – around 5%. So I think any settlement in this case should be at least within the range of the four guides. Given that a valuation of £15,097 sits towards the higher end of the four valuations, I think this represents a fair and reasonable settlement in the circumstances of this case. I can see Admiral have already paid a settlement to Mr A. So, Admiral should pay the additional amount to Mr A, based on a settlement of £15,097, together with 8% simple interest per year.

I acknowledge Mr A believes his car should be valued higher, but I've seen no evidence to persuade me a settlement of £15,097 is unfair in the circumstances of this case.

Putting things right

I've taken the view that Admiral haven't carried out a fair valuation of Mr A's car. So, Admiral should pay Mr A the difference between their valuation of £14,810 and a valuation of £15,097. Admiral should also add 8% simple interest per year on the additional settlement amount from the date they paid their settlement amount to the date of settlement. Admiral should provide Mr A with a certificate showing any taxation deducted.

My final decision

My final decision is that I uphold the complaint. Admiral Insurance (Gibraltar) Limited must take the steps in accordance with what I've said under "Putting things right" above, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or

reject my decision before 9 January 2024.

Paviter Dhaddy
Ombudsman