

The complaint

Miss A and Mr A are unhappy with the settlement they've been given by Admiral Insurance (Gibraltar) Limited (Admiral) following the theft of their vehicle.

What happened

In May 2023 Miss A and Mr A's vehicle was stolen, so they made a claim to Admiral, their car insurance provider.

Admiral offered a settlement of £8,971.50 (before excess deduction) which they said was the market value of the vehicle.

Miss A and Mr A were unhappy with the settlement offered and approached this service.

One of our investigators looked into things and upheld the complaint. She obtained her own vehicle valuations and she said Admiral's settlement offer was unfair. So, she recommended Admiral increase this by £1,177.84, with 8% interest added from the original date of settlement to date of payment of the remainder.

Miss A and Mr A agreed with the investigator's recommendations. Admiral didn't agree with the recommendation, and they suggested that a different settlement amount would be reasonable based on what the investigator had said.

As an agreement couldn't be reached, the case was passed to me to decide.

I reached a slightly different outcome to our investigator, so I issued a provisional decision to give both parties an opportunity to comment on my initial findings before I reached my final decision.

What I provisionally decided – and why

In my provisional decision, I said:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

As I’ve reached a slightly different outcome to our investigator, I’m issuing a provisional decision, to give both parties an opportunity to comment on my initial findings before I reach my final decision.

Miss A and Mr A’s policy terms outline that in the event of a claim, Admiral will pay up to the market value of the vehicle. This is defined in the policy as:

“Market value

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.”

Admiral determined the market value of Miss A and Mr A’s car using valuations obtained through industry trade guides as outlined in the policy terms. These resulted in valuations of:

- *Glass’s £8,660*
- *CAPS £9,175*

After averaging the two valuations, this resulted in Admiral making a settlement offer of £8,917.50 prior to excess deduction.

Miss A and Mr A dispute the valuation is fair and think this should be higher. They also provided their own valuation from a website, which totalled £10,270.

This service’s typical approach when considering complaints about the fair market value of a vehicle is to take into account what the market leading motor trade guides say the market value is. The guides are independent of the insurance industry, and from one another. As a service, generally, we find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures.

When investigating Miss A and Mr A’s complaint, our investigator also obtained valuations from the same guides as Admiral, along with other valuation guides we use in cases such as this. This resulted in the following valuations:

- *Glass’s £8,760*
- *CAPS £9,195*
- *Autotrader £10,215*
- *Percayso (formerly Cazoo) £10,876*

The investigator said the Glass's valuation was out of line with the rest, so she disregarded it. She then averaged the three remaining guides, which she said totalled £10,095 (it's actually £10,095.33). So, she said Admiral's valuation should be increased and the shortfall of £1,177.84 (it's £1,177.83 if rounded down rather than up) should be paid to Miss A and Mr A, with 8% simple interest added.

Admiral responded and accepted an increase appeared warranted, but they didn't agree with the recommended increase of £1,177.84. This was on the basis they didn't think the figure of £8,760 should be disregarded from the average of the guides. They further explained:

"From reviewing the figures you have provided, the difference between the lower figures of £8760 and £9195 is £435. It then jumps by over £1000 to the two higher figures. The difference between £10,215 and £10,876 is £661. Therefore, if any should be disregarded it would be £10,876 as this is the one more out of line than the others.

The fairest way for this vehicle to be valued is to use the average of all 4 guides due to how they are quite evenly spread out. The average of all 4 guides is a recognised solution by your service.

The average of the four valuations you have provided is £9761.50. This would be an increase of £844 and we would add 8% simple interest to this increase. Alternatively, if you were going to disregard one of the valuations for being out of line then this should be £10,876 (based on the justification above) and the resulting average of the 3 other valuations would be £9390. This would be an increase of £472.50 with 8% simple interest."

I'm minded to agree with what Admiral says here. I don't agree with our investigator that the lowest valuation is an outlier as the difference between that and the next valuation is less than the difference between the third highest and highest. So, if any were to be out of line, it would be the highest, rather than the lowest. But there isn't really a significant difference between either the lowest or the highest from its next closest valuation that I would consider would make either to be an outlier from the rest.

But, as pointed out by Admiral, there is a large difference between the two lowest and two highest instead. Given this, I think the most fair and reasonable approach here would be to average all four of the guides, as suggested by Admiral, rather than discounting the lowest (or highest). This results in a valuation of £9,761.50 instead of the settlement paid by Admiral totalling £8,917.50.

Placing a valuation on a car isn't an exact science, and given the range of values, I'm minded to conclude averaging all four guides provides a fair valuation in all the circumstances.

I appreciate it will come as a disappointment to Miss A and Mr A that I'm not minded to increase the settlement in line with our investigator's recommendation of £1,177.84 (which they accepted but Admiral didn't). But following this approach, which I think is fair in the circumstances for the reasons explained, this does still result in an increase in the settlement amount by £844.

In addition to increasing the settlement by £844, I'm also minded to direct Admiral to add 8% simple interest from the date of payment of the original settlement to date of payment of the remainder."

So, I was minded to uphold the complaint and to direct Admiral to increase the settlement by £844 with 8% simple interest added.

The responses to my provisional decision

Miss A and Mr A responded confirming they agreed with the provisional decision.

Admiral didn't respond by the deadline for responses.

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.

And I've thought carefully about the provisional conclusions I reached. Having done so, and as neither party has provided anything which would lead me to depart from my provisional decision, my final decision remains the same as my provisional decision, and for the same reasons.

My final decision

It's my final decision that I uphold this complaint and direct Admiral Insurance (Gibraltar) Limited to:

- Increase the total loss settlement by £844
- Add 8% simple interest* from date of payment of the original settlement to date of payment of the additional amount above

* If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss A and Mr A how much it's taken off. It should also give Miss A and Mr A a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr A to accept or reject my decision before 13 November 2023.

Callum Milne
Ombudsman