

The complaint

Mrs D complains Admiral Insurance (Gibraltar) Limited hasn't offered a fair value for her car following an accident which led to it being written off.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the background and focus on the reasons for my decision.

Mrs D insured her car with Admiral under a motor insurance policy. In June 2023, Mrs D's car was unfortunately involved in a car accident. Admiral subsequently deemed the car to be a total loss and offered £15,100 to settle the claim, less any deductibles such as Mrs D's excess.

Mrs D wasn't happy, so she complained about the valuation. Admiral didn't change its decision and said the top book valuation across the two guides it had checked is £15,100. Mrs D brought her complaint to our service for an independent review. She said she can't replace her vehicle like for like with the amount Admiral has offered. And the adverts she found online for similar vehicles were for considerably more (£18,500 - £18,798).

An Investigator at this service looked into matters and, ultimately, issued a view that Admiral needed to pay more to Mrs D. This is because they ran their own valuations using the motor trade guides which gave four valuations and the average of them came to more than Admiral's offer to Mrs D. Admiral didn't agree with the Investigators method of calculating a fair value. However, it did agree to the principle of paying an average of the four guides, subject to evidence. As an agreement couldn't be reached, the matter was passed 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 must explain I'm upholding Mrs D's complaint. I'll explain why.

It is my role to decide whether Admiral has applied the policy terms and conditions when reaching its market value and whether it has done so in a fair and reasonable way. Based on what I've seen, I don't think it has.

Where a car has been damaged, it's usual for the insurer to pay the consumer the market value of the vehicle immediately before the loss. This is what Mrs D's policy provides. It defines the market value 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.'

This means Admiral will pay the value of the car immediately before the accident which, here, it originally determined to be £15,100. Admiral referred to two trade guides to obtain a value for the car. The guides gave different figures, which isn't unusual. It then made an offer to Mrs D below both of those guides.

We use the same trade guides – in addition to two others - to help decide if a settlement offer is fair when valuing second-hand vehicles. In the absence of other evidence, we may find these guides to be persuasive evidence of market value as their valuations are based on nationwide research of likely sales figures.

The four motor trade guides obtained recently by this service are for cars of the same make, model, age and mileage as Mrs D's at the date of loss. These gave valuation figures of £15,870, £15,250, £16,343 and £15,736. I've also seen adverts for cars of the same age, model, features and similar mileage to Mrs D's both online as well as from one of the motor trade guides which are in the region of £15,599, £15,850, £15,895 and £17,244.

In light of this, I don't consider Admiral has demonstrated it has acted fairly in reaching the value it has. I say this because I'm more persuaded an average of the four guides (£15,799.75) is a fairer reflection of market value than the offer made by Admiral. I also consider this to be more comparable with the price of similar vehicles on sale at the moment.

In summary, I'm not satisfied Admiral's offer for the market value of Mrs D's car was fair according to the terms and conditions of the policy. It now needs to put things right.

Putting things right

Admiral must pay Mrs D the difference between what it valued her car at (£15,100) and the market value of £15,799.75. It also needs to add 8% simple interest payable one month from the date the claim was made up to the date of actual payment (making an appropriate reduction for any interim payments made, on the date they were made).

My final decision

For the reasons set out above, my final decision is I uphold this complaint. Admiral Insurance (Gibraltar) Limited needs to do the things set out above to put things right. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 23 November 2023.

Rebecca Ellis
Ombudsman