

The complaint

Mr Y has complained that Admiral Insurance (Gibraltar) Limited didn't pay him enough for the market value of his car under his motor policy when it was a total loss following an accident. He has also complained that his excess was unfairly increased.

What happened

Mr Y was involved in an accident in September 2022 and Admiral deemed his car was a total loss. Admiral said Mr Y said he bought his car in July 2020 for £15,747.

Following its investigation into the market value of the car Admiral ultimately offered Mr Y £15,750 to which additional interest was added following previous valuations. Along with that Admiral paid compensation, £25 for delays in responding to his complaint and £100 for the trouble and upset caused.

It also explained that Mr Y's address hadn't been updated before the accident. And with change of address the excess increased from £1,300 to £1,500.

Mr Y remained dissatisfied and brought his complaint to us. He said he wished for Admiral to pay him a further £7,750 as that amount would be required to replace his car. He further wished Admiral to pay another £7,000 as punitive damages because of the method of Admiral's car valuation system. Mr Y said the first offer Admiral made was £14,080 and then it raised it to £15,010 and finally offered £15,750. He considered this to be unreasonable.

The investigator was of the view having regard to the trade guides that Admiral's ultimate valuation was reasonable. She was also of the view that given the change of Mr Y's address Admiral had shown the increase in the excess was also correct. Lastly, she felt the compensation offered was appropriate and in line with the level of compensation we normally made in disputes of this nature.

Mr Y remained unhappy, so his complaint has been passed to me to decide.

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'm not upholding this complaint. I'll now explain why.

First, I have no authority whatsoever to have Admiral pay any punitive damages as Mr Y has demanded. This is an independent resolution service, not a court of law. Secondly, there is no concept of punitive damages in the UK court system either. All I can award is compensation should I consider Admiral caused delay or trouble or upset. And these awards of compensation are not punitive nor are they fines against any business either. They merely are awarded when the business' actions caused distress and inconvenience.

Under Mr Y's motor policy, Admiral has agreed to pay Mr Y the market value of his car should it be deemed a total loss in the accident which occurred here to Mr Y. Our role is to check and make sure Admiral came its market valuation reasonably. This service is not a motor valuation service either. However, our approach as to how we consider motor valuations should be carried out is fully detailed on our website. So, my role is to see if Admiral adhered to this. I consider it did.

As Admiral explained motor valuations is not an exact science and is subject to varying market forces. We look to see if Admiral adhered to our general principles in valuing Mr Y's car which is to look at the various trade guides. As the investigator explained Admiral looked at two trade guides and she also looked at another. Taking all three of them together the ultimate value of Mr Y's car is in line with the trade guides. Mr Y's schedule states his car is not modified also. Notwithstanding this Admiral confirmed it took account of the optional extras on the car in its valuations and use of the trade guides in its letter of 28 December 2022. Trade guides are used as they are more likely to reflect the actual selling prices rather than adverts which only reflect the asking price. This service believes this is the fairest way to ensure a reasonable valuation for a car.

Further I consider it reasonable that Admiral added the correct amount of interest on its final offer for the valuation of Mr Y's car which is again in accordance with our approach and it is what I would have required them to do, had it not done so. This means that Mr Y was appropriately compensated for not having this full valuation initially.

Turning to the increase in the excess, during Admiral's investigation it noted that Mr Y had forgotten to have his change of address noted. So, when it changed his address it caused the excess increase. Admiral has shown us that the increase in excess was fair as it would have been applied before the accident had Mr Y remembered to tell it of his change of address. Further such an excess increase would be applied to anyone else in the same circumstances as Mr Y which means Mr Y wasn't singled out or treated any differently to any other customer in similar circumstances given Admiral adhered to its own underwriting guide in calculating it.

Lastly Admiral paid Mr Y some compensation. It agreed it had delayed in dealing with Mr Y's complaint following his claim. And it decided to pay £25 for this. And it further paid £100 compensation for Mr Y's trouble and upset. I consider this is broadly fair. It's in line with the level of awards this service pays in such circumstances and is in line with awards I have made previously in similar circumstances. Admiral did take a little time to come to a fair valuation of Mr Y's car, but I also consider the fact that it paid interest on the final uplift to be appropriate too.

I appreciate it's always distressing when a much-loved car, kept in good condition has been deemed a total loss but Admiral didn't cause the accident and its role is merely pay the market value of it under its policy with Mr Y, which I consider it did here.

My final decision

So, for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 19 September 2023.

Rona Doyle
Ombudsman