

The complaint

Ms Y is unhappy with the settlement she's been offered by Admiral Insurance (Gibraltar) Limited (Admiral) after she made a claim under her car insurance policy.

What happened

Ms Y's car was damaged, so she made a claim to Admiral, her car insurance provider.

Admiral deemed the car a total loss and offered a settlement which they said was market value, they also deducted 20% from this amount as the car was previously a total loss. The total settlement offer before any deductions was £10,770.

Ms Y believes the settlement should be higher based on adverts she's seen online for similar vehicles, so she approached this service.

Our investigator looked into the complaint, but she didn't uphold it. She said the settlement offer made by Admiral was fair, and in line with the approach we take in cases such as this, so she didn't recommend it be increased.

Ms Y didn't agree and asked for a final decision from an ombudsman.

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, and whilst I appreciate it'll come as a disappointment to Ms Y, I've reached the same outcome as our investigator.

Ms Y's policy says that in the event of a claim, the most Admiral will pay is up to the market value. 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 Ms Y's car using valuations obtained through industry trade guides and an average of the two valuations obtained. I've seen the valuations and they were based on the correct vehicle and mileage at the time of loss, these resulted in valuations of:

- Glass's £10,640
- CAP £10,900

After averaging the two valuations, this resulted in a settlement amount of £10,770 prior to excess and salvage deduction (Ms Y asked about retaining the vehicle). Admiral then also deducted 20% as Ms Y's car was previously a total loss.

Ms Y disputes the base valuation is fair and thinks this should be higher pre-deductions.

When investigating Ms Y's complaint, our investigator also obtained valuations from CAP and Glass's. Additionally, she also obtained valuations from Autotrader and Cazoo (now Percayso) which are also valuation guides this service uses in cases such as this. All the valuations have been sent to Ms Y by our investigator. Whilst the valuations were slightly different, placing a valuation on a vehicle isn't an exact science. And the settlement offer made by Admiral is in the range of all the trade guides.

I do acknowledge Ms Y says she can't replace her car with this amount and has provided her own adverts following research online of similar vehicles for sale. But as outlined to Ms Y by our investigator, 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, we find these guides to be particularly persuasive, largely because their valuations are based on nationwide research and likely sales figures. The guides also take into account regional variations. We are confident these guides give a good reflection of the true market value of a vehicle.

I also note that the adverts provided by Ms Y are for similar vehicles, but some are different ages and some with lower mileage, which is likely to have an impact on the overall price. However, Ms Y has also commissioned her own valuation and that includes a private valuation which is in line with Admiral's valuation too.

I should also point out that this service generally finds these motor trade guides to be more persuasive than sales adverts. This is because advertised prices are often the starting point of a negotiation and what the seller would like to achieve, rather than the final price it sells for after negotiation. I acknowledge Ms Y doesn't agree with this, as she doesn't think she could purchase any of the vehicles she's seen by making an offer in line with Admiral's settlement amount.

However, Admiral has used the same industry guides our service typically relies on, and the additional valuations obtained also show the settlement amount already offered by Admiral is in the range of these. I've considered the additional information and points Ms Y has provided, but this isn't sufficient to persuade me the base valuation reached by Admiral was unfair or unreasonable.

I also don't think it's unreasonable for Admiral to deduct 20% from the market value as the vehicle was previously a total loss. This is to take into account a vehicle being previously a total loss can put off buyers and therefore can affect the sale value. But in any event, I understand Ms Y accepts that deduction, but it's the base price she disagrees with before the deduction is then applied. However, I'm satisfied Admiral has made a reasonable settlement offer.

With the above in mind, I won't be directing Admiral to increase the settlement amount.

My final decision

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 Ms Y to accept or reject my decision before 29 August 2023.

Callum Milne
Ombudsman