

final decision	
complaint by:	Mr T C
complaint about:	Admiral Insurance Company Limited
complaint reference:	2184-8042/TG/MI03
date of decision:	3 June 2020

complaint

Mr C has complained about the amount Admiral Insurance Company Limited settled a claim on his motor insurance policy for.

In bringing this complaint Mr C has been helped by a representative. But in this decision, for ease of reading, I will refer to the representative's comments as being Mr C's.

background

Mr C's car was stolen. It was recovered but only its shell remained. Admiral settled Mr C's claim for the car's total loss, valuing it at £62640 which Mr C Disputed which was then increased by Admiral to £67,805. Mr C thought that figure was too low and brought his complaint to us.

One of our adjudicators looked into Mr C's complaint. She thought Admiral should increase its valuation to £69,544. So she said Admiral should pay Mr C £1,739 to make up the difference in the valuations. She said it should add simple interest to that sum at rate of 8% a year.

Admiral agreed with our adjudicator's recommendation but Mr C didn't; so his complaint's been passed to me to decide.

my findings

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 going to uphold it and my award will be the same as our adjudicator recommended.

Mr C's policy says that if his car was a total loss Admiral would pay its "market value". And the policy defines market value as:

"The cost of replacing your car, with one of a similar make, model, year, mileage and condition based on market prices at the time of the loss."

Mr C said that owing to the car's rarity, condition and its extras the sum Admiral offered him wasn't enough to replace his car with a similar make and model. So I've looked carefully at what would represent a fair market value.

Our usual approach to complaints about valuations is to look at the relevant trade guides for valuing second-hand cars. We often find these reliable as they're based on nationwide research of likely selling prices. And I find them more persuasive than figures cars are advertised for, as those are often inflated to allow for negotiation and don't reflect the actual sale price.

When Mr C brought his complaint to us he sent us a valuation report from an engineer he'd instructed to value the car. That engineer said that as Mr C's car was rare and had additional extras, which the trade guides didn't take into account, then the valuations they provided were "unrealistic". He also provided a number of adverts for similar cars to Mr C's to demonstrate that. And having considered various other sources of information, which did include one of the trade guides, the engineer said he thought a reasonable valuation for Mr C's car was £72,000.

I agree with the engineer that the basic valuations - that is the online valuations obtainable using the standard tools available from two of the trade guides - did seem too low when considering the adverts for cars similar to Mr C's. That's because both guides, when using the correct mileage, gave valuations of less than £60,000. And the prices that cars similar to Mr C's were advertised for - even allowing for negotiation - would indicate they would likely sell for considerably more than the two trade guides' basic valuations. So I think it was reasonable to disregard those basic valuations. But it's worth noting that Admiral didn't use those basic valuations either when coming to a final valuation. Instead it asked one of the guides for a bespoke valuation based on the details of Mr C's car including some of its optional extras. The trade guide concerned provided a bespoke valuation of £67,805. And that was the figure that Admiral initially used to value the car when it settled Mr C's claim. Although I think it's worth noting that valuation was based on the car having travelled at least 15,000 miles fewer than Mr C's car had actually done.

One of the other trade guides (which I'll refer to here as TG) gave a valuation of £71,284. But Admiral didn't consider this valuation when it initially settled Mr C's claim. Mr C's engineer said that TG's figure provided a reasonable "*starting point*" for the valuation. He also noted that TG provides reference to the sale of specific cars from which it arrived at its valuations. But it seems that Mr C's engineer felt that as TG's valuation wouldn't have reflected the increase in value of all the extras that Mr C's car had, so he valued Mr C's car at £72,000.

In response to our adjudicator's assessment, Mr C's said "*the only way of identifying the market value of this car, is by referencing the independent engineers valuation report*". But I disagree. The engineer's report is only one opinion. And while some optional extras may improve the sale price of a car, I'm aware that many don't. And even where they do I

understand that the increase in value for the car is only likely to be a small fraction of the initial cost of those extras when ordering the car as new from the dealer. And much of the data the engineer's referred to, when arriving at his own valuation, is for the price cars were advertised for. But as I've said above the sums cars are advertised for don't necessarily reflect their actual sale price. And it's fairly common across the second hand car market for the actual sale figure to be lower than the advertised price. So I don't think it's reasonable to simply accept Mr C's engineer's opinion as being the "*only way*" of identifying the fair and reasonable market value of Mr C's car.

Our adjudicator thought a fairer way of arriving at a valuation was to take an average of TG's valuation and the bespoke valuation provided by the other trade guide. That average was £69,544. And having looked at all the evidence, including the engineer's report and the advertised prices I agree that figure is reasonable. That's because I've noted that some cars similar to Mr C's are being advertised for figures around the £70,000 mark. But as the actual sales figures are likely to be reduced following negotiation, then the valuation our adjudicator provided, based on the average figure from two guides, seem to be a fair reflection of the market value of Mr C's car. That's because it seems likely that figure would enable Mr C to replace his car with one of a similar age, condition and mileage for that amount.

So, as Admiral has already settled Mr C's claim based on a valuation of £67,805, I require it to pay Mr C the additional £1,739 to reflect a fair market value of the car. Admiral should add simple interest to that sum at a rate of 8% a year from the date it originally settled the claim to the date it makes payment.

my final decision

For the reasons set out above I uphold this complaint. I require Admiral Insurance Company Limited to pay Mr C a further £1,739 to fairly settle the claim for the total loss of his car. It should add simple interest to that sum at a rate of 8% a year from the date it initially settled the claim to the date it makes payment.¹

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 July 2020.



Joe Scott

¹ If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr C how much it's taken off. It should also give him a certificate showing this if he asks for one, so he can reclaim the tax from HMRC if appropriate.

ombudsman