

Final decision	
Complaint by:	Mr S O'Hara
Referred to as:	Mr O
Complaint about:	Admiral Insurance (Gibraltar) Limited
Complaint reference:	PNX-4753924-P0M0
Date of decision:	22 November 2023

The complaint

Mr O complains about the final settlement offered by Admiral Insurance (Gibraltar) Limited following a claim he made on his motor insurance policy.

Reference to Admiral includes its agents. Mr O has been assisted by a representative on this case. But for ease of reading, I'll be referring to Mr O alone in this decision.

What happened

Mr O holds a motor insurance policy with Admiral. When his vehicle was hit while parked, he made a claim on this policy. Admiral accepted the claim and deemed Mr O's car uneconomical to repair, so it wrote it off and offered Mr O an amount which it felt represented the market value of the car immediately before the accident.

Mr O complains about that offer. He's said Admiral originally valued the wrong car – it valued a petrol model, whereas his was a hybrid. He's said he purchased the car one and a half months prior to the accident and thinks it's still worth the £19,999 he paid for it. He's said adverts for similar models supports this position. And he provided an engineer's report stating the same.

He's also said Admirals low offer has meant he's not been able to purchase a suitable replacement, which has caused him both a loss, and distress and inconvenience because he wasn't able to sell his other car and has been paying off two loans for longer than he intended to.

Admiral agreed it had valued the wrong model, so it asked its engineer to value the vehicle as the hybrid model. They did, but still didn't value the Mr O's car at the amount he purchased it for. They valued it at £17,000.

Our Investigator ultimately thought a fair settlement would be £18,499.50. He thought this was fair, based on it being the mid-point between Mr O's engineer's report and Admiral's. He recommended Admiral increase the settlement offer to this amount and pay 8% interest on the difference between this and any payment it had already made from the date it made its first offer.

Our Investigator also recommended Admiral reimburse Mr O the £300 he's paid for the engineer's report to evidence the value of his vehicle. And he thought it should pay Mr O £100 compensation for the distress and inconvenience caused.

Admiral accepted our Investigator's assessment. Mr O didn't and asked for an

Ombudsman's decision.

I issued a provisional decision upholding the complaint. In it I recommended that Admiral:

- *Settle Mr O's claim on this basis his car's market value at the time of the incident was £19,999. Admiral should therefore pay Mr O the difference between this amount, and any amount it has already paid him. Admiral is entitled to deduct any policy excesses. 8 % interest should be paid on any amount it pays. Interest should be calculated from the date it offered Mr O it's first valuation, to the point Admiral pays this settlement.*
- *Pay Mr O £300 for the engineer's report he obtained. 8% interest should be added to this payment too. Interest should be calculated from the date Mr O paid the invoice, to the date Admiral pays him.*
- *Pay Mr O £500 compensation for the distress and inconvenience caused throughout this claim.*

My reasoning for this outcome was:

- *If Mr O's car is damaged, his policy says Admiral will either "pay to repair the damage" or pay him a "cash sum to replace the vehicle". So, whether the vehicle is repaired or written off is a decision for Admiral to make. But it's a decision it needs to come to fairly. The most Admiral will pay on any claim is the market value.*
- *Mr O's policy with Admiral defines the market value as "The cost of replacing your vehicle; with one of a similar make, model, year, mileage and condition based on market price 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."*
- *Sometimes insurers will write a vehicle off because the damage is so bad it can't be repaired, or it can't be repaired safely. But sometimes insurers write vehicles off for economic reasons. In this case. Admiral thought Mr O's car was uneconomical to repair based on the amount it thought it would cost to repair the car versus the amount it deemed the car to be worth. Initially this seemed a fair decision, because the repair costs amounted to roughly 60% of what Admiral deemed the car to be worth.*
- *Admiral's first offer valued Mr O's car at £12,000 but it had valued Mr O's car as being a petrol model, when his was a hybrid, which commanded a higher value.*
- *Mr O's engineer valued Mr O's car at £19,999, and Admiral's revised report valued it at £17,000. Both these valuations mean the decision to write the vehicle off and not repair it was unfair because the repair costs when compared to the revised, higher value of Mr O's car. Mr O wanted his vehicle repaired, and due to an error from Admiral, this didn't happen. So, Mr O should be compensated for this.*
- *Turning to what a fair value is, I'm satisfied that a fair value for Mr O's car is the £19,999 he paid for it. I say this because I've considered the time elapsed between him purchasing it and the incident, the various reports provided, and adverts for similar cars. After doing so, I'm more persuaded by Mr O's engineer's report than I am Admiral's. It aligns more with the adverts provided, and similar adverts available now (although I do acknowledge Admiral only need pay what the car was worth at the time of the loss). These things combined indicate Mr O didn't overpay for his car*

– so considering the small amount of time passed between purchasing it, and the incident, the purchase price is persuasive evidence too.

- *Admiral should reimburse Mr O £300 for the cost of obtaining his own report. This isn't something we'd expect a consumer to normally have to do. And because Mr O has done so here, and it's shown Admiral's first offer was unfair, I'm satisfied it's a financial loss caused by Admiral's actions.*
- *But I'm not recommending Admiral pay Mr O's representative's fees. I understand Mr O will be disappointed with this. But I'm not persuaded these fees were something he needed to incur. Mr O was able to bring the complaint to us unrepresented, as are the vast majority of people who bring complaints to us. The process of appealing our Investigator's outcome was clearly set out, so I'm not persuaded appointing a representative was something Mr O needed to do. It is of course something he's entitled to do, but that was his choice, and not something I require Admiral to reimburse him for.*
- *Not being offered a fair market value in the first instance has caused Mr O unnecessary distress and inconvenience. He's not had his car repaired when it reasonably should have been – and he's told us he took a long time trying to source that car in the first place on account of it being an import. He's also said he's been paying for a loan longer than he intended to. Our investigator thought Admiral should compensate Mr O £100. But I think a fairer figure would be £500 when taking into consideration the above, especially fact the car should have been repaired.*
- *Admiral should pay 8% simple interest on the difference between its first offer and the new settlement of £19,999. This should cover the interest Mr O has had to on his loan, but if it doesn't, he'll need to explain why and provide further evidence to support his claim.*

Mr O provided information on the loans he took out, explaining that both had interest rates of over 8%.

Admiral asked for clarification on the compensation I was recommending, it said it had already paid £200 on this complaint.

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, my outcome remains the same as that set out in my provisional decision for the same reasons. However, I will clarify the compensation offered, and explain why I'm not increasing the interest Admiral needs to pay.

I can see the interest on both Mr O's loans is higher than the 8% interest I've recommended Admiral pay on the increased settlement and the cost of the engineer's report.

But although the interest is higher, I need to consider what Mr O took out the loans for. Both these loans were taken out prior to the accident, and the latter loan with the higher interest rate was taken out to purchase the car involved in the accident as well as carrying out repairs to Mr O's other vehicle.

As I understand it, Mr O's said his intention was to repair his other car, then sell it, and use the proceeds to pay off some of the loan. He's said not being given a fair value for the car

involved in the incident meant he wasn't able to do this – because he needed to use his other car and therefore couldn't sell it.

And while I don't doubt this, had he been given a fair value from Admiral initially, I don't know what his other car would have sold for, or when it would have sold, so can't say with any certainty what proportion of the loan Mr O would have paid off. And therefore, I can't say what additional interest he's had to pay on these loans. And for that reason, I'm not departing for the 8% we usually award in circumstances where someone has been without money they should have fairly had.

To clarify the compensation, I'm recommending a total of £500 for the distress and inconvenience caused by this claim. So if Admiral has paid £200 of this already, it would be entitled to deduct that.

My final decision

For the reasons set out above I uphold this complaint and require Admiral Insurance (Gibraltar) Limited to:

- Settle Mr O's claim on this basis his car's market value at the time of the incident was £19,999. Admiral should therefore pay Mr O the difference between this amount, and any amount it has already paid him. Admiral is entitled to deduct any policy excesses. 8 % interest should be paid on any amount it pays. Interest should be calculated from the date it offered Mr O its first valuation, to the point Admiral pays this settlement.
- Pay Mr O £300 for the engineer's report he obtained. 8% interest should be added to this payment too. Interest should be calculated from the date Mr O paid the invoice, to the date Admiral pays him.
- Pay Mr O a total of £500 compensation for the distress and inconvenience caused throughout this claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 20 December 2023.



Joe Thornley
Ombudsman