

The complaint

Miss B complains about the way Admiral Insurance Company Limited handled a claim against her motor insurance policy.

What happened

Miss B took out motor insurance with Admiral in 2018. On the same day she was involved in an incident with two other vehicles. Miss B collided with an unattended parked vehicle that was pushed into a second vehicle.

Miss B said she told Admiral she had consumed alcohol before the incident, and the police had taken blood samples for testing. As the incident occurred on the same day Miss B took out the policy, she hadn't read the policy terms, but said she was told the claim would be met.

Roughly a month later, Admiral said a policy condition relating to consuming alcohol whilst driving could impact the claim. At this point, all parties were waiting for the blood test results. And during this time, Miss B said she received threatening letters from Admiral. She complained and Admiral offered her £100 compensation for the way things were handled.

Miss B later received the blood test results which confirmed she was under the influence of alcohol at the time of the incident. As a result, Admiral said they were required to deal with the third-party claims and recover their outlay from Miss B.

Admiral said the first third-party vehicle was written off, whilst the second was repaired. And their claim outlay was £16,560.73 which would be recovered from Miss B. Admiral had also sent a letter to Miss B saying she failed to cooperate, which Miss B was unhappy with.

Miss B didn't think Admiral took reasonable steps to ensure the claim costs were fair and said the second third-party vehicle should have been written off also, as the claim costs for this vehicle were significantly higher than the market value. She also wasn't happy with the way things were handled – so she complained.

Admiral responded to the complaint and offered Miss B £50 compensation for the way things were handled. But they didn't agree they failed to take reasonable steps to ensure the claim costs were fair. Miss B remained unhappy and approached our service for an independent review.

An investigator here considered the complaint but didn't recommend it be upheld. She felt Admiral were entitled to settle the third-party claims and took reasonable steps to ensure the costs were fair. She also felt £50 compensation was fair and reasonable to recognise things could have been handled better.

Miss B didn't agree and asked for an ombudsman to decide. So, the case was passed to me.

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.

As neither party disputes Miss B breached the policy conditions when the incident occurred, when coming to my decision the key finding I need to make is whether Admiral took reasonable steps to ensure the third-party claim costs were fair.

For completeness, however, the policy says:

'General Conditions of Your Cover

11. Drink and drugs clause

*If an accident happens whilst **you** or any person entitled to driver under Section 3 of your current **Certificate of Motor Insurance** is driving **your** vehicle and*

- Is found to be over the legal limit for alcohol or drugs*
- Is driving whilst unfit through drink or drugs whether prescribed or otherwise*
- Fails to provide a sample of breath, blood or urine when required to do so without lawful reason*

*No cover under the policy will be provided and instead, liability will be restricted to meeting the obligations as required by **Road Traffic Law** in those circumstances, **we** will recover from **you** or the driver, all sums paid (including legal costs), whether in settlement or under a judgement of any claim arising from the accident'*

Miss B was found to be over the legal limit for alcohol at the time the incident occurred in 2018. Therefore, Admiral were entitled to meet the third-party claims and recover their outlay from Miss B. The policy also enables Admiral to conduct the defence and settlement of any claim on Miss B's behalf. And this might mean Admiral make a decision she isn't happy with, but the policy allows them to do this provided they can demonstrate they've acted in a fair and reasonable way. I'll return to this point later in my decision.

Whether Admiral should have disputed the third-party insurer's claim to repair the second vehicle

Miss B thinks the second third-party vehicle should have been written off, not repaired. I understand why Miss B says this as the total claim costs for the second vehicle were more than the market value. Other costs included in the second third-party claim were claims for a hire car, storage and recovery, travel costs and a car seat.

Admiral said they considered the second third-party claim. And when doing so, assessed the inspection report completed by an engineer, along with the market value using the motor trade guides. This is something I'd expect an insurer to do when assessing a vehicle's market value. They said the cost of repairs were roughly £1,000 lower than the market value, and the third-party's insurer were to issue proceedings to recover their outlay, so they decided to settle the claim which they considered to be the best possible outcome.

Returning to the policy and my comments above. This enables Admiral to conduct the defence and settlement of any claim on Miss B's behalf. I understand Miss B's argument here – she thinks Admiral should have disputed the repair option presented by the third-party's insurer and requested the second vehicle to be written off. But it's important I explain, when an insurer is considering a claim, they will also consider the prospects of success of defending the claim in court, and the potential risks and costs involved in doing so. And the policy condition cited above says Admiral are entitled to recover any legal costs incurred as part of the claim from Miss B – which also could have impacted the total claim costs.

I've no doubt being required to pay a significant amount of money may have caused Miss B to experience a lot of worry and distress. But my role here is to decide whether I think Admiral applied the policy terms in a fair and reasonable way. Given the circumstances of the claim Admiral were required to meet the third-party claims in full. And I'm not persuaded the second vehicle should have been written off – even though I'm aware the total claim costs for the second vehicle are more than the market value. The consideration here was to determine whether the second vehicle was beyond economical repair, and I think Admiral has demonstrated they took reasonable steps to assess the third-party claims taking into account the repair costs, market value and other factors I've set out above.

I note Miss B provided us with a photograph of the incident location and said this shows the visual damage sustained to both third-party vehicles. The first vehicle visually shows significant damage, whereas, Miss B says the second vehicle shows far less visual damage. And argued this evidences that the second vehicle claim costs are too high, given the first vehicle sustained more damage and the claim costs are less overall.

I take Miss B's point. But I haven't been persuaded this makes a material difference to the outcome of the complaint. I say this because the second vehicle wasn't damaged beyond economical repair unlike the first was considered to be. Therefore, I won't be directing Admiral to do anything else here.

Other third-party costs being claimed for

The other claim costs put forward by the third-party's insurers were hire vehicles, a car seat, travel and storage costs.

When a hire vehicle is required, I'd expect an insurer to provide a policyholder with a like-for-like replacement vehicle. This ensures – amongst other things – that the costs are fair, and the policyholder receives the same replacement as their own vehicle, with a similar specification and of the same category. And in this case, Admiral provided details of the category of the two vehicles provided to the owners of the third-party vehicles. So, I'm satisfied based on what I've seen, Admiral took reasonable steps to ensure these costs were fair.

With regards to the car seat, travel and storage costs, I've not seen persuasive supporting evidence here that these additional costs were unreasonable given the circumstances of the claim. So, I won't give further comment to these aspects.

The letter sent to Miss B and service issues

Miss B told us she wasn't happy with the way things were handled. Namely, she received a letter saying she hadn't cooperated with the claim. She also said Admiral acted unprofessionally, misled her and applied mental pressure.

Admiral accepted a letter was sent due to an administrative error. So, whilst this does appear to be an error, I appreciate this still would have been frustrating and upsetting for Miss B to receive. I also think compensation is due, and I think Admiral's offer of £50 compensation is fair, reasonable and proportionate to the error and its impact on Miss B.

After our investigator issued her opinion on the matter, Miss B asked whether she had listened to call recordings to consider the level of service she received over the phone. Miss B said Admiral caused her mental pressure and material distress due to unprofessionalism, they misled her and approached her with threatening conduct.

I'm sorry to disappoint Miss B, but within my decision, I have only considered the complaint points responded to by Admiral within their final response letter dated 13 May 2021. As such, any further complaints regarding the level of service received specific to the above would need to be raised with Admiral and considered by them as a new complaint.

I appreciate the outcome of my decision will come as a disappointment to Miss B. But my decision ends what we – in attempting to resolve her dispute with Admiral – can do for her.

My final decision

For the reasons I've set out above, I don't uphold it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision 13 January 2022.

Liam Hickey
Ombudsman