

## **The complaint**

Mr T complained about an unsatisfactory repair that was carried out on his vehicle by Admiral Insurance Company Limited (“Admiral”) under his motor policy.

## **What happened**

In September 2020, Mr T’s car was driven through some flood water. Mr T made a claim on his policy and the car was repaired at an Admiral approved garage.

After the repairs, Mr T drove his car for around for two months without experiencing any issues, but then his car broke down again. A car recovery service couldn’t repair the vehicle, so it was recovered to the dealership where the car was purchased.

The dealership inspected Mr T’s vehicle, but it wouldn’t cover the repairs under the vehicle’s warranty. The dealership considered the breakdown to be caused by previous water ingress to the engine. The dealership said Admiral hadn’t repaired the vehicle properly after the initial flooding and the dealership said Admiral should’ve replaced the engine. Later, the dealership had tests carried out on oil and fuel samples from the vehicle and concluded the engine failed due to the water damage from the initial flooding.

Mr T raised a complaint with Admiral that the repair it did on his vehicle was inadequate. Admiral had an independent assessment of the vehicle carried out and concluded the problem with the vehicle was a mechanical fault not covered by the policy. It said it didn’t see evidence water had entered the engine. So, Admiral wouldn’t cover any further work to the vehicle under the policy.

Our investigator decided to uphold the complaint. He thought the test results provided by the dealership were more persuasive, so thought flood water was the cause of damage to the vehicle’s engine. He said Admiral should settle Mr T’s claim, refund the finance payments Mr T has paid since the car was damaged plus 8% simple interest per annum. He also awarded Mr T £200 compensation for the distress and inconvenience caused by Admiral for the mishandling of his claim. Admiral disagreed, so the case has been referred to an ombudsman.

## **My provisional decision**

I issued a provisional decision on this on 29 November 2021. I said:

*“When Mr T’s car originally broke down, the car was repaired by an Admiral approved garage. So, the quality of the repair carried out is the responsibility of Admiral. Admiral has said the repair it did was done properly and said the second time Mr T’s car broke down was due to a mechanical failure. It said this later repair wasn’t covered under the policy. Admiral has provided expert reports about the damage to the engine to show why it doesn’t think it should cover Mr T’s claim.*

*Mr T has provided reports from his dealership to substantiate why he thinks Admiral should cover his claim. I think both parties have been reasonable in putting forward expert reports to*

support their claims. I have reviewed the reports provided by both parties to determine which I think is more persuasive.

Admiral's independent expert concluded "we are of the opinion that as there is no indications of the vehicle having ingested water into the internal workings of the engine, the current issue appears to be mechanical failure of one or more components internally. Even though the work carried out in September 2020 was water related the methods required were external only with electrical components for the spark plugs required, therefore, we would advise this not to be an insurable event".

Both parties' experts have reported that there is now no trace of water ingestion in or around the engine. This is after visually checking all entry points to the engine. However, due to the dispute on the cause of the damage and the known flooding issue, the dealership decided to do some further tests to understand better if there had been any water issues with the engine. I think this is a reasonable approach from the dealership given it was aware of the previous claim involving flood water. So, I have looked at what these investigations showed.

Mr T's dealership took an oil and fuel sample from the engine and had it analysed in a laboratory. The report from the dealership included the numerical test readings and a summary of the results. Mr T's dealership concluded that the results provided enough evidence to support its original diagnosis that the engine failed due to flood damage. The dealership said there was "water and sodium in the engine oil" which indicated "high contamination in the engine oil". The dealership said, "sodium is found in road salt with water present would support the claim for flood water entering the cylinder bores and ending in the oil sump". It said, "water in the engine oil would result in premature wear of the engine component such as the main bearings" and "the vehicle had completed just over 800 miles from the spark plugs and coil pack replacement before the engine failed. If the engine oil was contaminated it would take around that mileage for the engine components to suffer wear due to poor lubrication".

Mr T's dealership has provided evidence that goes beyond a visual inspection of the vehicle's engine. It has carried out tests specifically to identify whether water had been ingested into the engine. I think Mr T's dealership has provided evidence there was water ingested into the engine. Given these tests have gone further than a visual inspection, I find the results of these tests more persuasive.

I think the tests demonstrate there was water ingested into the engine. So, I think it's most likely that the car wasn't properly fixed by Admiral. Therefore, I don't think Admiral has been fair in declining this claim. I think it's more likely that water inside the engine caused it to fail rather than a mechanical failure, so I don't think the repair Admiral carried out following the first breakdown was effective in resolving the issue with the engine. As I don't think the initial repair was done properly, I think Admiral should still be responsible for rectifying any issues with the car.

Admiral did challenge the validity of the results produced by Mr T's dealership. However, Mr T's dealership has cross referenced the results of the tests with the job card it raised for Mr T's car, which incorporates his registration number, engine number and chassis number. I haven't seen any alternate tests or evidence provided by Admiral that would make me think these more specific test results provided by Mr T's dealership aren't reliable or conclusive.

Therefore, I intend to uphold this complaint; I intend to require Admiral to settle Mr T's claim. Mr T has made finance payments on his car since the date it broke down even though he hasn't been able to use it. However, I can see Admiral did mitigate Mr T's loss of use of his vehicle by providing him with a hire car until mid-Jan 2021. Therefore, in order to put Mr T back in the position he would've been in if Admiral had acted fairly, I intend to ask Admiral to

*refund Mr T's finance payments from the date he lost use of the hire car (mid-January 2021) to the date the claim is settled. Given Mr T has been without the use of his car, or without this money for this period, I intend to add 8% simple interest per annum to the finance payments I have asked Admiral to reimburse.*

*Mr T has told us how Admiral provided him with a hire car until mid-January 2021. However, Mr T has said how he has been inconvenienced since then. Mr T hasn't had access to his own car, or a hire car and he said he has been having to use his bike to get around or when he's been able to he has borrowed his wife's car. As Mr T has been without his own car for such a long period, I think he would have suffered considerable inconvenience. I think Mr T will have been distressed during the period of the claim, worrying his claim wouldn't be settled leaving him with potentially a significant financial loss. He has spent a lot of time trying to get his claim resolved and has needed to push both his dealership and Admiral throughout the process to get the right outcome. Given the considerable distress and inconvenience Mr T has suffered, I intend to ask Admiral to award £750 in compensation".*

### **Responses to my provisional decision**

Mr T accepted my provisional decision and didn't have anything else to add.

Admiral disagreed with my findings and responded by making a number of the same points as made previously, so I won't repeat these. It did question why the dealership didn't carry out the specific oil test when it first inspected the vehicle.

*Admiral said "Mr T had not raised any complaint with us regarding finance payments or the fact he was paying them. Had he raised this, it would have been rejected regardless of the claim decision as these payments would need to be paid by Mr T regardless of the situation. This would be clarified in the terms and conditions he would have been supplied by the finance company".*

### **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.

Admiral questioned why the dealership didn't carry out the specific oil test initially on inspecting the vehicle. I explained in my provisional decision that the dealership chose to do some more specific tests once it was clear there was a dispute with Admiral on the cause of the damage to the car. As I've set out in my decision, I think this more specific test was a reasonable step to provide more compelling evidence.

Admiral doesn't think the reimbursement of the finance payments is fair. I don't agree, so I won't be changing my decision. Admiral were at fault in not settling the claim and were no longer providing a hire vehicle. I don't think it's fair to expect Mr T to continue to make payments when he didn't have use of a car. So, I think it's fair Admiral reimburse these costs from the period after it withdrew Mr T's hire vehicle.

Given that neither party has provided any new information, I see no reason to change my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. I require Admiral Insurance Company Limited to:

- Settle Mr T's claim
- Reimburse Mr T for the finance payments he has made since he hasn't had access to his car or the hire car provided (mid-January 2021) to the date the claim is settled plus simple interest at 8% per annum
- Pay Mr T £750 in compensation for the distress and inconvenience the delay in settling the claim has caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 26 January 2022.

Pete Averill  
**Ombudsman**