

The complaint

Mr and Mrs T complain Admiral Insurance Company Limited have unfairly turned down a claim on their motor insurance policy.

Other parties have been involved in bringing this complaint aside from Mr and Mrs T – but for simplicity I'll mainly refer to Mr T in this decision.

What happened

I issued a provisional decision on this case. I've copied the relevant elements below, and they form part of this final decision.

Mrs T owned the car and held the policy in her name – Mr T (her son) was a named driver on the policy.

In March 2020 Mr T unfortunately crashed his Mum's car. Initially, he said it'd been taken from him, but a few days later said he'd actually been driving.

Mr T said Admiral then took nine months to investigate the claim, and eventually turned it down. Mr T wasn't happy saying they'd based their decision on the first call, and that they'd said he was under the influence of alcohol. He also felt the decision was made based on a short call, they'd recorded it as a total loss claim, and moved it without telling him. So, unhappy with these issues, Mr T complained.

Admiral replied to the complaint. They said they were sorry for saying Mr T was driving under the influence of alcohol, as this was an assumption and not based on definitive evidence. They didn't agree with the rest of Mr T's points though – they said following the incident they had concerns he'd deliberately tried to mislead them, and that investigation took time. They didn't agree they'd just based their decision on a short phone call – they did move the car but to a place of free storage, otherwise costs would have been incurred. And they arranged at this time for personal belongings to be returned. For the total loss they felt this was correct and didn't think they'd caused any delays in Mr T collecting the car.

Unhappy with this Mr T brought the complaint to us to consider. One of our Investigators did so and didn't uphold the complaint. He felt it was fair for Admiral to rely on their terms and conditions to turn down the claim. He also didn't think they'd taken too long to look into things – and felt their apology for saying Mr T was driving under the influence of alcohol was fair.

Mrs T got in touch, saying this wasn't a deliberate attempt to defraud Admiral in any way. She added Mr T hadn't been charged by police for fraud – and as she was unaware at the time of the claim she should be protected under the terms and conditions.

Our Investigator still felt the complaint shouldn't be upheld, and as Mr and Mrs T didn't agree the complaint's been passed to me to decide.

What I've provisionally 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 I'm currently planning to uphold this complaint.

I do accept that Mr T didn't tell Admiral the correct information initially, but I've not seen anything to suggest he did so in an attempt to defraud them – as they've suggested.

Instead, he's explained he was worried about causing more harm to his family. That's an understandable motivation, even if it's misguided. But, crucially, I've not seen anything to suggest the information given to Admiral was intended to gain something he wasn't entitled to, which would be fraud.

Had events happened as they should have, Mr T would have admitted driving, and Admiral would have dealt with the claim. I've not seen anything to prove why they wouldn't have done so – nor have Admiral been able to provide anything despite a lengthy investigation. So, with that in mind, I'll be upholding this complaint. That means I'll require Admiral to deal with, and pay, the claim as they should have done initially. I understand Mr and Mrs T took the car back – so Admiral will be entitled to deduct an amount from any claim payment for this. This is known as 'salvage', and Admiral will need to explain what they're doing to Mr and Mrs T on this point. They'll also be entitled to deduct anything else allowed under the policy terms – such as the excess.

In addition, Admiral need to remove Mr T and Mrs T's names from any databases they may have recorded their names on for fraud or cancellation issues – and confirm this in writing. As a result of this, Mr T / Mrs T will be able to speak to their current insurers and potentially get their premiums adjusted, if they have been impacted by anything Admiral has recorded that it shouldn't have.

Had things happened as they should have, I'd also expect Admiral to have allowed Mr T / Mrs T to put this car back on cover if they repaired it or register another car on their policy. This policy had five months left to run but was cancelled unfairly. So, any premiums Mr and Mrs T paid on a new car policy to the end of this current policy should be refunded by Admiral upon production of evidence. And, to this, 8% interest will need to be added as it's money they shouldn't have had to pay out.

If Mr T / Mrs T didn't repair their existing car or get a new car, then they wouldn't be entitled to anything for this – as there's no loss they've suffered to put right.

Although Admiral have taken a long time to investigate, and ultimately reached an outcome I don't agree with, I won't be awarding compensation for this. The length of the investigation was due to the circumstances that were reported to them, and they were diligent in trying to fully understand exactly what'd happened – which is why things took so long.

Responses to my provisional decision

Mr and Mrs T didn't reply by the deadline set.

Admiral asked me to reconsider my position, making the following points I consider relevant to the crux of the complaint:

- Attempting to put in a theft claim instead of a road traffic collision claim results in a significantly lower excess – so there is a financial benefit to Mr T here.

- They were confused why I'd said the policy was unfairly cancelled – explaining it was cancelled when the car was deemed a total loss.
- They would have allowed Mr and Mrs T to put another car on cover.
- They suggested Mr T has committed fraud, and said they intend to refer the matter.

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 have said there is a benefit to Mr T in reporting this claim as a theft instead of a road traffic collision. While I've noted their comments, I'd need to be satisfied this is something Mr T thought about at the time of making the claim. I've seen no evidence of this, and I think it's highly unlikely in the immediate aftermath of the crash, Mr T had the presence of mind to recall his excess would be higher depending on how he reported the claim. So, I don't think this proves any intent on Mr T's part to gain a benefit he wasn't entitled to.

Regarding the cancellation and allowing Mr and Mrs T to put another car on cover. I can't see this was made clear to them at the time. So, if Mr and Mrs T did insure another car at the time, they'll need to provide proof for Admiral to work out how much is due. As for the cancellation, I'm instructing Admiral to remove any records of a cancellation for fraud or related reasons – so, in effect, Mr and Mrs T don't need to report they've had a policy cancelled in future.

Finally, I've noted Admiral's comments, where they're continuing to suggest Mr T has committed fraud – and they intend to refer the matter. It's unclear to me why now, after close to two years, they intend to refer the matter on. But, as I've explained above, I've not seen anything to suggest Mr T deliberately reported the claim to gain something he wasn't entitled to. So, I remain of the opinion he's not tried to defraud them.

Putting things right

1. Pay the claim – deductions can be made as long as the policy terms and conditions allow for it (such as salvage costs, excess payable).
2. Remove Mr T and Mrs T's names from any databases they may have reported fraud, or an unfair cancellation, to and provide a letter to confirm this.
3. Upon production of evidence from Mr T / Mrs T refund car insurance premiums paid since the accident on 8 March 2020 on a new car insurance policy, to the end date of the policy held with Admiral.
4. Add 8%* interest to any payment for the car insurance premiums mentioned in point 3 from the date of payment, to the date of settlement, if applicable.

*HM Revenue and Customs requires Admiral to deduct tax from the interest payment referred to above. Admiral must give Mr T and Mrs T a certificate showing how much tax its deducted if asked for one.

My final decision

I uphold this complaint and require Admiral Insurance Company Limited to carry out the actions in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 19 January 2022.

Jon Pearce
Ombudsman