

The complaint

Mrs E has complained about the quality of service she received from Admiral Insurance Company Limited ('Admiral') regarding her motor insurance policy and about its failure to cover a shortfall in legal expenses.

What happened

Mrs E and her family were involved in a traumatic incident in August 2018. Mrs E's car caught fire whilst her children were strapped into the back seat. Her husband was able to get the children out of the car before it was engulfed in flames.

Mrs E was insured with Admiral at the relevant time. Following Mrs E's initial contact, Admiral said that it would deal with the car as a total loss and would discuss a settlement figure with her. Mrs E also informed Admiral that two weeks prior to the incident, the manufacturers had recalled her car due to an air conditioning fault.

Following the initial contact with Admiral, Mrs E decided to pursue a claim against the car's manufacturers who accepted that the air conditioning fault had caused the fire. The manufacturers eventually settled Mrs E's claim in September 2019. She had instructed a solicitor in relation to this claim. She had however been unable to recover all her legal expenses from the manufacturers. Mrs E therefore went back to Admiral to request assistance as she'd paid for a motor legal protection ('MLP') policy, however Admiral declined assistance.

Mrs E complained that Admiral wrongly withdrew legal expenses cover and she felt unsupported by Admiral in her claim against the manufacturers. Admiral agreed that it hadn't communicated adequately with Mrs E regarding the claim for damage to her car. It offered £75 for trouble, upset and delay caused, however it didn't agree to cover the legal expenses element.

Mrs E then complained to this service. Our investigator didn't think Admiral needed to do anything further. He did consider that Admiral could have provided Mrs E with more information to make an informed choice. As Mrs E had pursued the manufacturers and they'd accepted liability, he didn't think it was fair to say that Admiral had reneged on its obligations.

Mrs E remained unhappy with the outcome of her complaint and in the circumstances, the complaint was referred to me to reach a final decision in my role as Ombudsman. In February 2022, I issued a provisional decision for this complaint and explained why I was minded to partly uphold Mrs E's complaint regarding the service quality element only, as follows; -

On a provisional basis, I can't say that Admiral acted unfairly in applying its policy terms and conditions, although the traumatic incident of August 2018 and on-going difficulties Mrs E encountered in recovering her losses have undoubtedly caused Mrs E distress and huge inconvenience.

This was due to a range of factors. Having looked at all documents, listened to relevant telephone calls and considered the terms and conditions of Mrs E's policy, I can't say that this was due to Admiral's actions. I've found that Admiral's failure in communications did add to the distress and inconvenience however, as explained in this decision. I therefore partly uphold Mrs E's complaint as to the quality of service.

I note that the complaint itself is relatively straightforward, however the background and interactions surrounding Mrs E's complaint are complex. They involve two sets of underwriters as well as the car manufacturers and relate to an incident which took place three-and-a-half years ago.

I also appreciate that it can be confusing when different policies apply to different aspects of insurance cover. This usually means that a policyholder must then deal with different underwriters when making a claim. In this case, Mrs E's motor insurance policy was underwritten by Admiral and her MLP policy was underwritten by a separate underwriter, although Mrs E understood that both policies were bought through Admiral.

I've also looked at Mrs E's complaint about the underwriter's actions relating to the MLP policy which provides specific legal cover. Both complaints relate to the same background facts. I'll be issuing a separate decision about the MLP policy complaint.

Here, I've looked at Admiral's actions relating to Mrs E's motor insurance policy with Admiral, and how it handled its communications more generally with Mrs E.

Admiral's actions relating to Mrs E's motor insurance policy

The starting point here is the wording of Mrs E's motor insurance policy. The relevant provisions state; -

'If your car is lost or damaged as a result of fire... we will cover you for the loss or damage to... your car...' It also says; - 'we will not pay for...for any loss or damage caused by mechanical, electrical, electronic, computer failures, breakdowns or breakages.'
Under the heading: - 'Cover for legal costs', states: - 'If we agree in writing, we will pay the following legal costs and expenses from a claim for an accident'.
It states that the relevant legal costs include...'any other legal costs and expenses if we agree beforehand.'

Admiral wrote to Mrs E on the date of the incident in August 2018 confirming that Mrs E was covered for £100k of legal expenses. Mrs E felt that Admiral had reneged on this commitment to provide legal expenses cover of up to £100,000. She said that she'd informed Admiral in October 2018, that if the manufacturers didn't fully compensate her for her losses, then she would revert back to Admiral. She did so in October 2019.

Her representative felt that Admiral were hiding behind the small print in its policies and that the main issue related to the complexity of the organisation. She said that its complex structure enabled it to renege on its commitments. She also said that Admiral had agreed that it had reneged on its commitments.

I agree that in its final response letter, Admiral appeared to be conceding that it had reneged on its commitments. It then contradicted this by stating that it hadn't withdrawn its support prior to Mrs E making her claim against the manufacturers. It said that if the legal costs remained in dispute and legally recoverable, then the route was against the manufacturers through the courts. It didn't consider it should pay legal costs not previously notified or agreed by it.

I've looked carefully at the information provided by both Mrs E and Admiral and the detailed wording of the policy. I'm satisfied that Admiral acted within the terms and conditions of its motor insurance policy. It was prepared to settle a claim under the motor insurance policy. Mrs E decided to pursue a claim against the manufacturers however, as it had admitted liability and it wouldn't lead to a 'strike' on her policy or lead to Mrs E paying the policy excess. There was also a possibility of claiming for losses other than total loss of the car against the manufacturers and it also provided a hire car which wasn't available under the terms and conditions of Admiral's policy.

As to cover for legal costs under Admiral's main motor insurance policy, this cover was limited to matters such as defending serious criminal charges. It also referred to 'any other legal costs and expenses,' but only if agreed beforehand. Admiral wasn't approached beforehand to approve the appointment or the scope and nature of any legal work on behalf of Mrs E. I can't therefore say that Admiral acted in an unfair or unreasonable manner in declining to cover Mrs E's legal costs under the motor insurance policy.

The specific complaint on behalf of Mrs E however is that Admiral reneged on its commitment to provide legal expenses cover, despite advising that she was entitled to up to £100,000 of cover. I'm satisfied on a provisional basis that Admiral didn't renege on its commitments for this element under its motor insurance policy. This is was due to the fact that the cover was subject to standard requirements and was available in only very limited circumstances as above. Specific cover was provided under the MLP policy and underwritten by a different underwriter however and a complaint about this has been considered separately, as explained above.

With regard to the complaint that Admiral was 'hiding behind the small print', unfortunately we can only consider whether insurers have acted fairly and reasonably within the terms and conditions of their policies. These form the basis of the contract between the parties. We look to ensure that they are applied fairly between the parties. I can't say however that Admiral has applied its standard terms and conditions in an unfair or unreasonable manner in this case.

Admiral's handling of communications with Mrs E

Mrs E said that she felt unsupported by Admiral and that she was left to fight the manufacturers on her own. Her representative considered that Admiral must have believed it was at fault, otherwise it wouldn't have offered compensation of £75.

Admiral stated that in November 2018, it asked the manufacturers to continue to deal with Mrs E's claim. It accepted however that it could have done more to discuss with Mrs E whether this remained the best course of action for her. It said that its compensation payment of £75 acknowledged this aspect of the complaint as well as delay in dealing with the complaint.

As to feeling unsupported, I've seen evidence from the Admiral's claim and complaints notes that it made numerous attempts to contact and discuss matters with the manufacturers to check if they were going to deal with Mrs E's claim in full. However, these attempts weren't communicated to Mrs E.

I note also the mixed messages which Mrs E received from Admiral and the MLP policy underwriter which would naturally have caused Mrs E some considerable confusion. In early December 2018, the MLP policy underwriter had written to Mrs E asking for further detailed information to consider any claim. A day later, Admiral had written to Mrs E stating that its liability had ended. Mrs E referred to this letter; 'in which they categorically state that as [the manufacturer] admitted liability it wouldn't be an insurance claim and that it ends their

liability.’ This would no doubt have caused further stress and anxiety and Mrs E thought that she’d been left with no alternative but to continue to pursue a claim against the manufacturers.

In the circumstances, I agree on a provisional basis that Admiral could have done more to clearly explain Mrs E’s options and the separate arrangements regarding her policies, particularly in the light of the unusual and particularly traumatic nature of the incident. I also note that Admiral recognised and offered compensation to Mrs E for these communication failures, however I consider that this does not compensate Mrs E adequately, as the failures exacerbated an already confusing and distressing set of circumstances.

Finally, I understand the impact that the traumatic and potentially life-threatening event of August 2018 will have had on Mrs E and her family and I sympathise with the difficulties that she has experienced in trying to remedy the shortfall in legal expenses. I cannot however fairly and reasonably place the responsibility for this shortfall upon Admiral.

In conclusion, it’s likely that I’ll conclude that the compensation already offered by Admiral for its communication failures in this case, is insufficient in the light of the additional stress and inconvenience caused by these failures. I therefore find on a provisional basis that a fair and reasonable outcome to this complaint would be an additional payment of compensation’.

In my provisional decision, I asked both Mrs E and Admiral if they had any further comments or evidence which they would like me to consider before I made a final decision.

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 hasn’t indicated that it has any other final points which it would like to make. Mrs E’s representative has provided a comprehensive response however, which I’ve considered in detail.

The representative made it clear that the complaint was against Admiral, to which one premium had been paid for both motor and MLP cover. He considered that the manner in which Admiral subsequently managed that cover, was down to Admiral and this was the nub of Mrs E’s complaint. As far as Mrs E was concerned, she was dealing with one body and if Admiral chose to organise themselves differently, then any subsequent communication with the policyholder should have been seamless, however it wasn’t.

The representative stated that the claim against Admiral was based purely on the point of recovering the shortfall in legal costs rather than a claim for trauma. He said that ultimately the family had to fund their own legal costs to fight the claim. He acknowledged that there was no link between the two however he thought that, having decided that Admiral were at fault for causing additional trauma, the award was low. Mrs E’s representative stated that Mrs E was ‘*..not trying to re-enact the claim against [the manufacturers] by seeking to obtain from Admiral tens of thousands of pounds compensation for trauma, merely to repay us the shortfall we experienced when we concluded the claim against [the manufacturers].*’

The representative also stated; ‘*By advertising the policy and focusing on the strap line of providing £100,000.00 of cover, Admiral is guilty of implying (by the sheer size of the monies available) that all legal costs will be covered.*’ He noted from the wording extracted from the policy that this is not the case in reality. The representative considered that Mrs E had been misled about the benefits of taking out legal protection cover. He felt that Admiral was guilty of selling a product which didn’t meet client expectations; ‘*Admiral need to change their*

marketing stance or are they going to continue in deliberately encouraging prospective clients to pay additional premiums for Legal Protection cover that for all practical purposes, does not exist. Mrs E's representative wondered whether the service would seek change at Admiral.

I've carefully considered all of Mrs E's further submissions. Having done so however, I don't consider that it would be fair or reasonable to further increase the compensation award. The provisional decision took account of mixed messages provided to the policyholder by Admiral, and lack of seamless service which would have caused considerable confusion. I appreciate that Mrs E considers that the compensation award should be higher and feels that it amounts to barely 10% of her claim. The proposed compensation figure of £425 in addition to the £75 already offered is however a relatively high figure in accordance with our guidance. This figure is to recognise the significant impact of the service failure element of this complaint.

I can understand Mrs E's distress in terms of the course of events which followed the initial incident. I'm unable to say however that Admiral was responsible for the fact that the manufacturers didn't fulfil all of Mrs E's expectations regarding her claimed losses. Mrs E had made the difficult judgment to initially pursue the manufacturers rather than an insurance claim. She has also made the difficult judgment to accept a much-reduced claim against the manufacturers rather than risk incurring further legal costs. It is understandable therefore that it was only at a much later stage that she reverted to Admiral, however this meant that the standard pre-conditions for making a legal protection insurance claim hadn't been fulfilled.

I can see that the distress and disappointment caused to Mrs E is partly due to the assumption that insurance would cover all legal costs regardless of whether the standard required steps had been carried out in order to take advantage of such a policy. Although insurance cover for legal expenses up to £100,000 was available in principle, as the provisional decision notes, these standard required steps were not fulfilled in this case.

In conclusion, I'm satisfied that Admiral was responsible for service failings, however the failings related only to the way in which it communicated with Mrs E and not in relation to application of the terms and conditions of its policy to the facts of the case. The compensation award recognises the extent of the trauma caused by the communication issues only, which would have been over and above the very serious trauma of the incident itself.

With regard to upheld complaints, final decisions are published on the service's website and it's expected that insurers will take on board the lessons from our investigations and detailed decisions, in order to improve their services.

In conclusion, I greatly sympathise with Mrs E and her family in having to come to terms with the dreadful ordeal of August 2018 and in relation to the subsequent experiences in dealing with the manufacturers and her insurers. I cannot, however, save for the identified communication failures, fairly and reasonably attribute this to Admiral's actions. I'm pleased to note that the trauma is receding for the children and I sincerely hope that this final decision will assist the family to finally put this distressing matter behind them.

Subject to the points noted and accepted as above, in all the circumstances, I've concluded that the provisional decision provides a fair and reasonable outcome to the matter and I therefore partially uphold Mrs E's complaint as follows.

My final decision

For the reasons given above, I partially uphold Mrs E's complaint regarding the service quality element of her complaint and require Admiral Insurance Company Limited to pay Mrs E the sum of £425 in addition to the £75 compensation already paid for the trouble, upset and delay caused by its communication failures in this matter.

Admiral must also pay the compensation within 28 days of the date on which we tell it Mrs E accepts my final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 8 April 2022.

Claire Jones
Ombudsman