

The complaint

Mrs P complains Admiral Insurance Company Limited (Admiral) unfairly charged her an excess payment after a claim on her motor insurance policy.

There are several parties and representatives of Admiral involved throughout the claim but for the purposes of this complaint I'm only going to refer to Admiral.

What happened

Mrs P's car was involved in a road accident when being driven by a named driver on her policy.

Although Mrs P understood the accident was the other driver's fault, she contacted Admiral to make it aware of the accident. Mrs P didn't want to make a claim due to the policy excess of £500, as she thought the repairs would cost less than this.

Admiral said without her making a claim, it would be difficult to ask the third-party insurer to accept liability, as Admiral needed claim costs to issue legal proceedings.

After further discussion and reassurance from Admiral, Mrs P agreed to proceed with making a claim. Repairs to her car were organised with Admiral's approved repairer.

After the repairs were completed Mrs P was told by Admiral that she had been deemed at fault for the accident. This meant she was liable for the excess of £500.

Mrs P was unhappy and told Admiral that she was previously told the claim wouldn't be found as fault. And she would not have progressed with the claim if she knew she could be found to be at fault.

Admiral paid Mrs P £100 compensation for the inconvenience it caused her. It agreed she shouldn't have been told the accident would be recorded as non-fault, and it accepted she wasn't told her policy excess wouldn't be refunded if the liability decision was at fault.

As Mrs P was not happy with Admiral, she brought the complaint to our service.

Our investigator upheld the complaint. He looked into the case and didn't think Admiral had acted fairly with its handling of the policy excess. He agreed the £100 compensation was reasonable but said Admiral should also refund the £500 excess to Mrs P.

As Admiral is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

Mrs P made the claim to Admiral in June 2021 the day after the accident occurred. She said the accident was the fault of the third-party. Admiral agreed it was a non-fault accident and the third-party would have to accept liability. Mrs P said she did not wish to progress the claim until liability had been agreed.

At the start of July 2021 Admiral called Mrs P to see if she wished to progress her claim and she was clear she still did not want to make a claim at this time. She said she still wanted to wait until liability had been agreed before proceeding.

Admiral told Mrs P that there may be a point where she needed to make a claim as it would need her repair costs to issue proceedings against the third-party insurer. Admiral advised her that she could claim back the excess amount with help from its legal department.

On 16 July 2021 Mrs P agreed to the claim and it was organised for her car to go in for repair with Admiral's approved repairer towards the end of August 2021. Mrs P's car was returned to her in September 2021.

At the start of October 2021 Mrs P contacted Admiral to obtain an update as she had not heard from it for some time. Admiral checked its records and told her it had received a document from the third-party insurer at the end of July 2021. But it had not been able to open it. After a number of days the document was opened, and it was then decided the claim would be recorded as a fault accident for Mrs P's named driver.

This meant Mrs P was liable to pay the £500 excess.

Mrs P said she was not advised that the claim could settle at 50 / 50 or even fault before she made a claim. She said if she had known, then she would not have made a decision about progressing her claim until liability had been established. She is also unhappy that Admiral didn't contact her to update on any liability decisions and give her the opportunity to respond.

I think that Mrs P made it clear to Admiral from the start of her claim that she was reluctant to proceed with a claim due to the liability outcome being in doubt. Admiral have accepted it should not have told her this was a non-fault accident and didn't make her aware the policy excess might not be refunded if the liability decision wasn't in her favour. It awarded her £100 compensation in recognition of its error.

Admiral were informed at the end of July 2021, in a document received from the third-party insurer, that it disputed liability for the road accident. At this date I think Admiral should have contacted Mrs P to inform her of this information and given her the option to continue to progress the claim or to stop it. I accept Admiral said it had an IT issue with opening the document containing this information but that was not Mrs P's fault. Admiral hadn't made attempts to open it until Mrs P called for an update at the start of October 2021.

Admiral said it did not agree to refund the £500 excess as it was satisfied Mrs P "*would have had the repairs completed*", as it was "*unlikely she would never have had this amount of damage repaired.*"

I acknowledge Admiral's point, however Mrs P should have been given the option to continue with her claim or to stop her claim once she had been made aware of the liability outcome. If based on this information she chose not to progress her claim she could have made her own choice of repairer. The repairs did not have to be completed through a claim with Admiral.

Therefore, I uphold Mrs P's complaint and require Admiral to refund £500 for the excess charged to her. I think this is a fair outcome.

My final decision

For the reasons I have given I uphold this complaint.

I require Admiral Insurance Company Limited to refund Mrs P £500 plus 8% simple interest from the date the excess payment was made.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 10 June 2022.

Sally-Ann Harding
Ombudsman