

## **The complaint**

Mrs C has complained about the way Admiral settled a third party claim against her car insurance policy.

Mr C is representing Mrs C in her complaint.

## **What happened**

A named driver under Mrs C's car insurance policy was involved in an incident with another car. The named driver was driving outside the terms and conditions of Mrs C's policy – and so Admiral said it wouldn't cover the claim. It was obliged to deal with the third party claim under the Road Traffic Act 1988 (RTA).

Admiral settled the third party claim and looked to recover the costs from Mrs C in line with the policy.

Mrs C complained to Admiral. She was unhappy with the level of costs. She questioned whether the third party vehicle (TPV) should have been written off and she thought the third party was in car hire for longer than necessary.

Admiral upheld Mrs C's complaint in part. It said it was responsible for a delay of 18 days in settling the third party claim. For this, it deducted the equivalent of 18 days car hire from the total costs it looked to recover from Mrs C. And for the distress and inconvenience caused by its delay, it paid Mrs C £150 compensation which it also deducted from the claim costs.

Mrs C remained unhappy and asked us to look at her complaint.

Our Investigator thought Admiral had acted reasonably. She found that the difference between the repair costs and the market value of the TPV was less than £50 and so its decision to pay the third party a total loss settlement was fair. She thought Admiral's decision to reduce the costs of car hire by 18 days to reflect the delay it caused was reasonable. So she didn't recommend the complaint should be upheld.

Mrs C didn't agree and asked for an ombudsman's decision. In summary she says the length of time the third party was in car hire was still excessive after the deduction of 18 days for Admiral's delay. Mrs C remains unhappy as she feels Admiral hasn't been transparent in the settlement of the third party claim costs for modifications.

I issued a provisional decision on 19 April 2022. I thought it was reasonable for Admiral to have settled the third party claim by three weeks. And so I didn't think it fair for Admiral to charge Mrs C for the duration of third party car hire costs beyond this time.

I provisionally recommended Admiral reduce the car hire costs to 21 days. This meant a reduction in the claim costs Mrs C owed by £234.91.

I thought Admiral had otherwise dealt with Mrs C's complaint reasonably.

Admiral didn't respond to my provisional decision. But when I'd asked for clarification around its 18 day delay, Admiral accepted that it could have settled the claim within three weeks.

Mr C on behalf of Mrs C accepted most of what I'd provisionally decided. But he says there is no clear confirmation that it was reasonable for Admiral to pass on claim costs for the third

party's car for modifications including a personalised number plate. Mr C has asked whether Admiral properly checked if the modifications had been declared by the third party under their policy. Mr C says he has read that some insurers treat a private plate as a modification.

So Mr C would like confirmation it's reasonable for Admiral to have passed on these particular costs.

So the case has been passed back to me to decide.

### **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.

I understand Mr and Mrs C remain unhappy about the level of third party claim costs. Our role is to look at whether Admiral dealt with the claim reasonably and in line with the policy terms. In line with data protection, Admiral hasn't shared some requested information about the third party with Mrs C.

In my provisional decision I said that Admiral had shown this service that it asked the third party for evidence of the modifications to their car. On receipt of this, it included the modifications in the revised total loss settlement it paid the third party. Admiral deducted the salvage fee it received for the TPV from the claim costs it looks to recover from Mrs C.

It isn't my role to speculate on the actions of the third party insurer – irrespective of who that insurer is. I can only consider Admiral's actions as the RTA insurer for the claim.

I'm satisfied Admiral took into account modifications to the third party vehicle. So I think it was reasonable for Admiral to pass on these costs to Mrs C.

As the third party disputed the first settlement offer Admiral made, this meant the claim took longer to settle. This had an impact on the length of time the third party was in car hire.

Admiral paid for car hire for the third party for 52 days – from 23 September 2019 to 13 November 2019. In response to Mrs C's complaint, Admiral accepted that it had caused a delay of 18 days in settling the third party claim. For this failing, it awarded Mrs C £150 compensation and reduced the claim costs by £325.26, being the equivalent cost of 18 days car hire at £18.07 a day.

Admiral made a final increased total settlement offer to the third party on 6 November 2019 and advised them that car hire would end on 13 November 2019.

Before issuing my provisional decision, I asked Admiral to provide further information to show its reduction of car hire costs by 18 days was reasonable. I thought a reasonable period of time to settle this claim was around three weeks.

In response, Admiral accepts that it should have made an interim payment for the total loss settlement to the third party on 6 October 2019 (two weeks after the incident) and given seven days' notice of hire car ending then.

So in line with my provisional decision, I think Admiral hasn't done enough to resolve Mrs C's complaint. I think Admiral should reduce the third party car hire car costs further to 21 days. I don't think it's fair for Mrs C to cover the costs of car hire beyond this as I think Admiral could have ended car hire sooner than it did.

As Admiral has already deducted 18 days of car hire costs, this means I think Admiral should deduct a further 13 days of costs at a total of £234.91. (52-18-13 = 21 days)

I think the compensation amount of £150 for the distress and inconvenience caused by its delay in handling the claim is fair and in line with awards we give for similar cases. Aside from the delay, I think Admiral overall dealt with the third party claim reasonably.

**My final decision**

My final decision is that I uphold this complaint in part. I require Admiral Insurance Company Limited to deduct £234.91 from the total claim costs it is looking to recover from Mrs C. This means Admiral can only ask Mrs C to cover 21 days of car hire for the third party.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 15 June 2022.

Geraldine Newbold  
**Ombudsman**