

The complaint

Mr P complains about how Admiral Insurance Company Limited settled a claim made on his motor insurance policy. He wants it to repair his car fully.

What happened

Mr P was involved in an incident and he made a claim on his policy. Two different repairers said that there was pre-existing damage to the car's bumpers with poor repairs. So they wouldn't repair the car. Mr P wanted all four alloys refurbished and the car resprayed. But Admiral said it would only pay for damage related to the claim.

Admiral offered Mr P cash in lieu of repairs. But Mr P said this wasn't sufficient. Mr P provided an estimate for repairs that was £3,000 higher. Admiral thought this was inflated. It made a second offer of cash without the discount it would receive from its garage. But Mr P remained unhappy with this and also that his courtesy car provision came to an end.

Our Investigator recommended that the complaint should be upheld in part. She thought it was reasonable for Admiral to rely on expert opinion that there was pre-existing damage. And she thought Admiral only needed to pay for repairs related to the claim.

But she thought Admiral hadn't given Mr P opportunity to show that his quote was reasonable. And she thought he should now do this, and that Admiral should pay him £150 compensation for the trouble and upset caused. She also thought that Admiral was entitled to withdraw the courtesy car when it made the cash in lieu payment as it was no longer repairing the car.

Admiral replied that it had rejected Mr P's quote as it was inflated and included unrelated repairs. It said it hadn't refused to consider a quote provided by Mr P. It said Mr P hadn't offered to provide evidence that his costs were reasonable. So it thought it had reasonably relied on its engineers' expert estimates of the repair costs. Admiral asked for an Ombudsman's review, so the complaint has come to me for a final decision.

Mr P replied that he still wanted his car fully repaired. He said he'd paid his year's premium but couldn't drive his car. He was unhappy that Admiral's engineers hadn't assessed his car. And he wanted loss of use considered.

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 can see that Mr P wants his car fully repaired. Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

Admiral's repairer said there was pre-existing damage to the bumpers on Mr P's car that had been poorly repaired. It said it couldn't guarantee repairs to the accident-related damage because of this. And so it declined to repair the car. Admiral took the car to another approved garage and it was given the same response. Mr P said the car didn't have pre-existing damage. But I think Admiral could reasonably rely on the expert opinion of the engineers.

And so Admiral decided to settle the claim by paying Mr P cash in lieu of repairs. I'm satisfied that this was in keeping with the policy's terms and conditions:

"Should we deem your vehicle repairable but are unable to complete or guarantee the repairs, we will offer you a cash sum to cover reasonable costs of parts and labour".

Admiral relied on an engineer's estimate of the repair costs to arrive at a cash in lieu offer. Mr P argued that he couldn't restore his car to its previous condition for this amount. He wanted the car resprayed and all four alloys refurbished. He provided an estimate from his own repairer.

I can see that Mr P thought that, as he wasn't at fault, then Admiral could reclaim its outlay from the other driver's insurer. But Admiral has a responsibility to minimise claim costs. I think Admiral was only responsible for repairing the damage caused by the accident. I think Admiral then reasonably agreed to remove the discount it would have obtained from its approved repairers to offer Mr P £1,957.93. And Admiral told Mr P this was its final offer.

Mr P told us in his complaint form that he had been asked to provide a "second opinion" from his own garage. And he did this. Admiral had warned Mr P that it couldn't guarantee that this would change its offer. But Admiral rejected the report as it said the costs were inflated. I can see they were about £3,000 higher than the estimates from Admiral's repairer.

We're not engineers. We don't assess what repairs are needed as this is a matter for the experts in these situations, the insurance companies and engineers. Our role in these complaints is to determine whether an insurance company has considered all the available evidence and whether it can justify its decision to not pay for additional repairs.

I can see from its file that Admiral rejected the estimate from Mr P's garage because it said the labour costs were inflated. It later said that it included repairs that weren't accident-related. But it didn't specify these or explain which labour costs were inflated. And it didn't ask Mr P to provide further evidence to justify the estimate he had provided. It told him its cash offer was its full and final settlement of the claim.

Admiral said Mr P hadn't offered further justification of his repairs estimate. But I think it's up to Admiral to explain to Mr P how it made its decision and what he could do if he disagreed. And I can't see that it did this. It seems that Mr P was told he could obtain a second opinion, but this was rejected outright with no reasonable explanation. So I can't say that Admiral has justified its decision to reject Mr P's garage's estimate outright.

I don't think this was fair or reasonable. I think this caused Mr P trouble and upset. Our Investigator thought Admiral should pay Mr P £150 compensation for this. I think that's in keeping with our published guidance for the impact on Mr P, so I think that's fair and reasonable. Admiral has said that it will consider further evidence provided by Mr P to justify his garage's estimate. I think it's for Mr P to discuss this with Admiral if he wishes to proceed.

Mr P was unhappy that Admiral's engineers hadn't assessed his car. But I think they can reasonably rely on reports from the garages. Mr P said he was without his car and paid his year's premium. But I think Mr P could have mitigated his losses by accepting Admiral's offer as an interim payment and get his car repaired. So I can't say that Admiral is responsible for Mr P's loss of use or that it needs to compensate him for this. And I think Admiral was not required to provide a courtesy car once it had made its cash offer to settle the claim.

Mr P's policy is an annual contract, even though he may pay for it by monthly instalment. As a claim has been made, and the policy has been used, the full year's premium would always be payable.

Putting things right

I require Admiral Insurance Company Limited to pay Mr P £150 compensation for the distress and inconvenience caused by its handling of his claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint in part. I require Admiral Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 August 2022.

Phillip Berechree
Ombudsman