

## **The complaint**

Mr C says that when he made a theft claim on his motor insurance policy, Admiral Insurance (Gibraltar) Limited dealt with it badly, causing him financial loss, plus distress and inconvenience, and that it didn't compensate him adequately for its errors.

## **What happened**

The car was stolen in April 2021. In September 2021 Admiral declined the claim, based on a discrepancy about the number of keys the car had. It said the policy would be cancelled and that Mr C should contact it about paying its investigation costs of £461.47. Mr C was unhappy with the decision and the time taken to reach it, so he made a formal complaint.

In December 2021, Admiral reviewed its decision. It agreed to pay Mr C for the stolen car, plus £200 for distress and inconvenience. That sum was later increased to £500. Admiral also paid interest on the car's value from June 2021 to December 2021, as it thought the claim should have been paid then. Mr C thought £17,000 compensation was warranted. He said that was to cover the effect of the claim's handling on his health, the loss of a car for six months, the need to pay for car hire and for having had to chase Admiral for updates. He also wanted the policy excess and the cancellation charges he said he'd incurred to be refunded - plus the cost of the car key's analysis by an expert.

One of our investigators reviewed Mr C's complaint. He thought Admiral had paid sufficient compensation. He didn't think it had made any undue charges. But he said it should pay for the car hire used by a named driver on the policy. The investigator noted that Mr C thought he'd been discriminated against by Admiral on racial grounds - rather than just having received poor service from it. He found no evidence of that, but Mr C said there could be no other reason for the way the claim was handled. As there was no agreement, the complaint was passed to me for review.

## **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.

### *The initial investigation*

Enquiries in theft cases often take months to conclude. As Mr C had said the car had two keys, and his son then said there was only ever one key, I think it was fair for Admiral to carry out a full investigation. Insurers look carefully at any theft claim where there's a discrepancy with keys. It isn't unusual for a car to be taken using one of its own keys, so I think it was reasonable for Admiral to be cautious.

External investigators are often asked to carry out interviews for insurers. Mr C told Admiral's investigator in May 2021 that he thought he was being treated like a criminal and that an attempt was being made to catch him out. I understand why being questioned may have

made Mr C feel that way, but I don't think it was wrong for Admiral to try to establish the facts using an investigator before deciding whether the claim was valid.

Mr C supplied Admiral with the key he said he'd used to drive the car. In line with standard industry practice, it was checked to ensure it was one supplied originally by the garage that sold it - and that it had been used as the main key. I think that was also reasonable.

Later on, Admiral accepted that a decision on the claim should probably have been made in June 2021, after these and other initial enquiries had been made. I think that's borne out by the notes on its file. There seems to have been no good reason to delay the decision, but I think the file notes show that there was confusion on the part of members of Admiral's claims team. Admiral noted later that tasks weren't added to the file when they should have been. And the notes show that in July and August 2021, members of the claims team thought in error that they were waiting for a response from Mr C. A query was raised about applying for the police report. And a written response from the garage about the keys was requested - but not chased - to confirm its verbal assurance that it had supplied two keys.

All of this meant the claim wasn't progressed as it should have been, although at the same time calculations were being made about the car's valuation, should the claim be paid.

#### *The claim's repudiation*

Admiral told Mr C on 10 September 2021 that it thought the car was taken using one of its own keys. It said it thought he'd misrepresented the facts to it and had breached the policy's terms and conditions relating to fraud and misrepresentation. It also said he hadn't taken reasonable care of the car by ensuring its keys were protected. It said the policy would be cancelled in seven days and the premium would be returned unless Mr C provided more evidence (so Mr C decided to cancel the policy himself).

I can understand why Mr C was shocked by the content of the repudiation letter. When he told Admiral that the car was supplied with two keys, I think he believed that to be true. When Mr C's son told Mr C he was only given one key for it, Mr C advised Admiral of that. He told Admiral's investigator later that he had no reason to think there was only one key until he was informed otherwise. Admiral pointed out that the purchase receipt provided by Mr C showed two keys were provided by the garage, which confirmed what the garage had told it. So I think it was reasonable for Admiral to conclude that one of the car's keys was missing and that it had been given the wrong information by Mr C at one point.

Following Mr C's complaint in October 2021, Admiral agreed there had been undue delay in making a decision on the claim - *and* that the decision to repudiate it was wrong, regardless of the missing key. It decided there was nothing to show the car was taken using that key.

#### *Financial impact of the delay / the repudiation*

The settlement payment wasn't made until early January 2022 - but that was in time to prevent any action being taken by the firm that had provided the car's finance. It should have been paid in June 2021, but as Admiral paid interest on it from June 2021 onwards, I think that was sufficient to put the issue right.

In July 2021, a named driver on the policy hired a car for a short period. The total cost was £722. Mr C told us that included a deposit of £200. Deposits are refundable - so I think it would be fair for Admiral to refund the rest of the hire invoice, plus interest. Admiral queried why the named driver needed a car. But in the absence of one of the cars used by Mr C and his family from April 2021 onwards, Mr C says the named driver didn't always have access

to a car. I think it was reasonable to hire one for a short time. It wouldn't have been needed had the claim been dealt with as it should have been in June 2021.

Mr C says he cancelled the policy because Admiral had said it was going to do so. He wanted to avoid having had a policy cancelled by an insurer. I understand Mr C's reasoning – although had Admiral cancelled the policy, that decision could have been reviewed later, as part of his complaint. But it seems Mr C wasn't charged a cancellation fee. In the call he made to Admiral to cancel, the advisor told him it would be charging him the remaining premium for the year (as a claim had been made on the policy). Mr C accepted that (and it's standard industry practice). The advisor also said Admiral would *not* be charging Mr C the usual £55 cancellation fee. Admiral confirmed later when we checked that it didn't do so.

I don't think Admiral should have to refund the policy excess, as requested by Mr C, as he made a claim on the policy and the excess is payable in the event of a claim. Mr C also wants a refund of the £461.47 Admiral said it was going to charge him for the outlay on its investigator and the key analysis expert. But Admiral has confirmed that although it said it was going to charge Mr C for these expenses, in the end it didn't do so.

### *Distress and inconvenience*

I think Mr C faced a good deal of upset and inconvenience as a result of the theft and of the claims handling. Some inconvenience is unavoidable when a car is stolen, but Admiral has accepted that it would have been reasonable for it to have made a decision to pay the claim much earlier than it did. I think Mr C would have been inconvenienced to some extent by the loss of the car (or a payment to replace it) for a longer period than necessary, although it seems he had access to other transport, and he didn't have to hire a vehicle.

Mr C says he became depressed as a result of the delay, the repudiation, and the accusations of fraud, so he had to visit his GP. He hasn't provided any medical evidence about the effect on his mental health, but I don't doubt that Mr C was distressed. Fortunately, the possible financial perils Mr C feared (should the claim not be paid) were avoided.

I don't think Admiral's initial offer of £200 compensation was reasonable, given the extent of the delay in reaching a fair decision and the impact it had on Mr C. But I think its offer of £500 was a reasonable attempt to put matters right.

### *Racial discrimination*

It's not our role to say whether a business has acted lawfully or discriminated against a consumer in breach of the Equality Act 2010 (the EA). That's a matter for the courts. Our role is to decide what's fair and reasonable in all the circumstances. In order to decide that I have to take a number of things into account, including the relevant law and good industry practice. So although only a court can say if Admiral has breached the EA, I've taken it into account when deciding what's fair and reasonable.

It isn't disputed that Mr C received poor service from Admiral. He suspects that it would have treated consumers from a different racial background more favourably, especially in relation to the time taken to finalise his claim. He asked Admiral for data about how long it had taken to deal with claims made by different racial groups, but it doesn't collect that data.

I understand why Mr C thinks the only explanation for Admiral's poor service can be that it took his race into account. But I haven't seen anything to indicate that Mr C was treated differently to the way a consumer of a different race would have been treated in similar circumstances.

Unfortunately, sometimes insurers take an unreasonable amount of time to deal with a claim - and I think it's obvious in this case that there was confusion in the claims handling and that errors were made. Insurers also make the wrong decisions sometimes, especially where the facts are complex or there are discrepancies to consider. Admiral has accepted that in this case there were times when it didn't act fairly and reasonably, but based on what I've seen, I don't think Mr C's race was a factor in the way in which he was treated by Admiral.

Although I know Mr C isn't happy with Admiral's approach or its resolution of his complaint, I hope it helps to know that someone independent and impartial has reviewed his concerns.

### *In summary*

In my opinion, Admiral provided poor service to Mr C and caused him a good deal of upset. But there were sound reasons for some of its actions - and it ended up paying for the stolen car, plus interest, and offering him compensation. I think paying for the car hire as well means that it will have covered all the actual and potential financial losses in this case - Mr C was mistaken about some of them. I also think £500 is a substantial sum that reflects the significant distress and inconvenience Mr C faced. I don't think it would be fair and reasonable to require Admiral to pay more.

### **My final decision**

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to refund the car hire charges (less the deposit) plus interest, at the simple yearly rate of 8%, from the date of payment to the date of settlement. It should also pay Mr C £500 compensation for distress and inconvenience, as it has already agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 February 2023.

Susan Ewins

**Ombudsman**