

The complaint

Mr M complains about the way Admiral Insurance (Gibraltar) Limited handled his claim under his motor insurance policy.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here in detail.

In summary, Mr M was involved in a car accident on 17 February 2022. He contacted Admiral the next day to report the incident and make a claim. Admiral accepted the claim and agreed to collect his vehicle to take to its authorised repairer (AR), but the AR refused to take delivery of the vehicle.

Over the next few weeks further attempts were made to deliver the vehicle to the AR but for various reasons this wasn't possible. Mr M continued to chase for updates. The vehicle was eventually fully inspected and considered a total loss, Mr M was informed of this on 25 March 2022.

Mr M complained about the delays in the process and that he hadn't been provided a courtesy car, so he had to hire one at significant cost to himself.

Admiral considered Mr M's complaint about the delays and decided to uphold it. Admiral offered him £150 compensation but said it wouldn't pay for the hire costs, as it would only have provided a courtesy car if his vehicle was being repaired. But because his vehicle was a total loss the policy terms meant he wasn't entitled to one. Mr M didn't agree, so the complaint was escalated with Admiral and following a review it agreed the delays meant he'd been without a vehicle for 30 days so offered him a further £300 compensation for the loss of use of his vehicle.

Mr M remained unhappy so referred the complaint to our service. Our investigator looked into the complaint. She felt it should be upheld because she didn't think it was reasonable for Mr M to be without a vehicle for the period of the delay. She felt it was reasonable for Mr M to hire a vehicle as he needed it for work. She recommended Admiral should pay his hire charges between 23 February 2022 and 25 March 2022. She also said the £150 offered for the distress and inconvenience caused to Mr M was fair.

Admiral didn't agree, it says it made the offer of £300 compensation in line with this services approach and didn't feel it needed to do anything further for the inconvenience caused. Because Admiral didn't agree the complaint has been passed 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.

It's not disputed things didn't happen as they should, and Admiral have acknowledged it

needed to do something to put things right. So what is left for me to decide is what a fair way to resolve this complaint should be.

I've considered the terms of the policy and under Damage Repair Process, it states:

Our approved repairers, or other company instructed by Admiral will:

- arrange collection and re-delivery of your vehicle
- give you a courtesy car while your vehicle is being repaired.

Admiral accepted the claim on 18 February 2022 and agreed an AR with him so recovery could take place. Mr M's vehicle was due to be delivered to the AR on 23 February 2022 and the notes indicate that a courtesy car would have been provided to his work address. But this wasn't done due to the AR refusing to accept delivery of Mr M's vehicle.

The vehicle was taken to the AR again on 4 March 2022, but the AR wasn't able to get the vehicle off the recovery truck, so rejected delivery of the vehicle again. The AR indicated in the notes that they would take some pictures to provide an estimate of the repairs. Admiral updated Mr M on the situation with the repairs and while he understood the situation, he advised them he'd been paying for a hire car. Admiral asked him to keep the receipts and they would look into it later, but no mention was made to him at this time that his hire costs may not be covered.

The notes show that following the initial estimate the repair was authorised on 15 March 2022. So I'm satisfied that up to this point it's likely the AR still felt the vehicle could be repaired, so as per the terms Mr M should have been entitled to a courtesy car. However, the AR wanted to do a further check on the vehicle to make sure all the charges would be covered under the estimate as it was close to the total loss limit. The AR wasn't able to do this immediately because it still didn't have Mr M's vehicle on site. The vehicle was finally delivered to the AR on 22 March 2022. Admiral advised Mr M on 25 March 2022 that the vehicle would now be considered a total loss after a further estimate on the repair, which increased the repair costs.

Admiral says as Mr M's vehicle was a total loss, the terms say in these circumstances it wasn't required to provide a courtesy car. But I don't agree, it was only following a later inspection that it was decided to deem the vehicle a total loss and no payment of the claim had been made or offered by this date. And having looked into the claim notes this wasn't a certain decision until the vehicle was further inspected by the AR, which should have happened sooner than it did. So overall, I think it's most likely up to this point the AR thought the vehicle could be repaired.

The delays weren't caused by Mr M, and it is clear the delays resulted from the AR refusing delivery of the vehicle on multiple occasions. Mr M has told us he needed a car for work purposes, so I don't find it unreasonable he decided to hire one. Admiral has acknowledged the delay but says its offer on loss of use is fair. But I'm not persuaded it was.

When a business has done something wrong and needs to pay compensation for loss of use, like Admiral has here. I still need to take into account if the consumer has hired a vehicle while without use of their own. As I've mentioned above, I don't consider it unreasonable that Mr M hired a vehicle through no fault of his own so in the circumstances I think it's fair that Admiral should refund him the reasonable hire charges plus interest, rather than just limiting the compensation to loss of use. I would expect Mr M to hire a car similar to one Admiral should have provided and at normal commercial rates. From the invoices provided by Mr M I can see he has done this, so I'm satisfied this was reasonable in the circumstances here.

So it follows that a fair way to resolve is complaint is for Admiral to reimburse Mr M for the reasonable hire costs he incurred and the distress and inconvenience caused to him as a result of the delay. The delay was from 23 February 2022 through to 25 March 2022. Mr M has provided us with the hire charges for this period which amount to:

- 23 February – 19 March 2022 (24 days) at £51.78 per day plus Vat
- 20 March – 25 March 2022 at £38.19 (6 days) per day plus Vat

Admiral should also pay Mr M 8% simple interest from when Mr M paid the hire car charges until settlement is made. And I'm satisfied that the £150 already offered by Admiral for the distress and inconvenience caused is fair in the circumstances.

Putting things right

I require Admiral to pay Mr M:

- £1,766.24 for the hire car charges, less any payment already made for this complaint for loss of use, plus interest at a rate of 8% simple per year from the date Mr M paid the hire costs to the date of settlement*.
- £150 compensation for the distress and inconvenience caused, if it has not already paid this to Mr M.

*HM Revenue & Customs requires Admiral Insurance (Gibraltar) Limited to take off tax from this interest. If asked, it must give Mr M a certificate showing how much tax it's taken off.

I understand Mr M is subject to an Individual Voluntary Arrangement (IVA). And his Insolvency Practitioner (IP) may have an interest in any redress he might receive. Mr M should bear in mind his obligations to his IP in respect of any redress he receives. A copy of this decision will be sent to his IP.

My final decision

For the reasons mentioned above, I'm upholding this complaint and instruct Admiral Insurance (Gibraltar) Limited to settle this complaint in line with what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 January 2023.

Jag Dhuphar
Ombudsman