

The complaint

Mrs S complains that Admiral Insurance (Gibraltar) Limited has unfairly declined her motor insurance claim.

What happened

Mrs S's car was damaged outside her home. The car was insured through Admiral who arranged for it to be taken in for repair. The repairs were completed, but Admiral refused to pay for the wrap which was on the vehicle. It said that wrapping of vehicles isn't covered by the policy terms.

Unhappy with outcome, Mrs S complained to Admiral. They wouldn't change their stance, so Mrs S brought her complaint to this service. Our investigator looked into the matter but didn't uphold the complaint. She found that the policy terms didn't provide cover for modifications to a vehicle unless they were manufacturer's optional extras which had been declared and accepted by Admiral. Even though Mrs S had said she had declared her wrap when she took out the policy, our investigator said as this is not a manufacturer's optional extra it wasn't covered.

Mrs S disagreed with our investigator's opinion. As no agreement could be reached, the matter was passed to me to decide.

On 3 January 2023 I issued my provisional decision. In it I said the following:

"The relevant rules and industry guidelines say that insurers must handle claims fairly and shouldn't unreasonably reject a claim. I've taken these rules into account when deciding what I think is fair and reasonable in the circumstances of Mrs S's complaint.

Admiral says it won't pay for the wrap on the car as the policy doesn't provide cover for modifications to a vehicle. It has referred to the following policy term:

12. Standard parts replacement

Your policy does not cover modifications.

If you make a claim for loss or damage to your vehicle, provided it is economical to do so, we will only pay the cost of replacing parts needed for your vehicle to meet the manufacturer's specification along with any optional extras and/or disability adaptations you have declared.

Manufacturer's optional extras and disability adaptations are only covered if they have been declared and we agreed to cover them.

The term 'modification' is also defined in the policy as:

Any changes to your vehicle's standard specification, including accessories and additional parts, optional extras and aftermarket alterations, trade related changes

and parts.

From reviewing these terms, I don't think that Admiral has made it sufficiently clear that modifications aren't covered. While the policy says there isn't cover for modifications, it then states that it will provide cover for certain changes to the vehicle if these are declared – which contradicts the first sentence. I think this term means exactly what is covered by the policy is unclear.

Mrs S has said that when she took out the policy, she told Admiral that her car was wrapped. And when looking at the policy schedule, I can see that it states her car has been resprayed to a different colour. And Mrs S says this is what was put down by the advisor when taking out the policy - so I'm persuaded she did tell Admiral about the wrap on the vehicle.

Based on the fact the wrap has been detailed on the policy schedule as a declared modification, and the policy states that it will provide cover for some modifications that are declared, I think Admiral has given Mrs S a reasonable expectation that the wrap would be covered, should something happen to her vehicle. In view of this, I think it would be fair and reasonable for Admiral to cover the claim for the wrap as part of the repair cost."

Mrs S didn't provide a response to the provisional decision. Admiral did reply and stated it disagreed with the outcome. I've summarised the reasons given below:

- Admiral doesn't agree that there is any contradiction in the wording as it says only manufacturer's optional extras are covered if declared and accepted.
- While Mrs S did declare the wrap on the vehicle, this modification question is a standard question used to calculate the insurance risk only.
- As the wrap isn't a manufacturer's optional extra it is therefore not covered.
- The ombudsman has quoted the definition of modification, but this isn't a policy term and condition but a definition to assist customers.

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've noted the comments made by Admiral and I've considered the matter very carefully. However, these don't persuade me to alter the outcome of my decision. I'll explain why.

The policy states it doesn't cover modifications under the general policy condition which has been quoted. However, it goes on to say it will pay for the repairs to the vehicle to "meet the manufacturer's specification *along* [emphasis added] with any optional extras and/or disability adaptations you have declared". As an optional extra is included in the definition of modification (a definition put in place by the insurer to provide clear meaning for the word when used throughout the policy - so by its very nature it is linked to the policy terms and conditions), I'm still of the opinion that this causes confusion and therefore the term is unclear.

It is important to note that this policy condition includes a completely separate sentence which refers to "*manufacturer's* [emphasis added] optional extras and disability adaptations", so there does appear to be a distinction.

In addition to this, the wrap was included as a declared modification on the policy schedule. Admiral says this is a standard question to work out the insurance risk for premium rating purposes. This may be the case, but I haven't seen anything in the paperwork provided that

shows Mrs S was informed that declaring the modification was purely for those purposes – so I still think she had a reasonable expectation that the wrap would be covered for the reasons previously mentioned. So, I'm persuaded it would be fair and reasonable for Admiral to cover the cost of the wrap as part of the repair cost to her vehicle.

Putting things right

Admiral needs to arrange for Mrs S's vehicle to be re-wrapped to complete a lasting and effective repair to it.

If this has already been completed by Mrs S, she should provide the invoice to Admiral for it to settle the cost. Admiral should include 8% interest from the date the invoice was paid by Mrs S to the date it settles this aspect of the claim.

My final decision

For the reasons stated above, I'm upholding this complaint.

Admiral Insurance (Gibraltar) Limited need to do what I've set out in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 23 February 2023.

Jenny Giles
Ombudsman