

The complaint

Mr N complains about Admiral Insurance (Gibraltar) Limited referring him to an accident management company (AMC) after his car was damaged by a third party and he called intending to make a claim on his car insurance policy.

What happened

Mr N's car was parked in a car park when it was hit by a third party. Mr N wasn't in the car at the time but saw the accident happen and called Admiral to claim on his comprehensive car insurance policy.

As Mr N wasn't at fault for the accident Admiral passed his claim to an AMC to deal with. The AMC repaired Mr N's car and provided him with a hire car while his was in for repair. Mr N was then later contacted to say the third party was disputing the hire car costs along with some others. Because of this, Mr N was told he could be liable for over £2,000 worth of hire car costs. Mr N didn't think he should be responsible for these costs and so complained to Admiral.

Admiral reviewed the complaint and said Mr N had chosen to use the AMC for his claim and, as this was a separate company to Admiral, he would need to raise his concerns with them. Mr N wasn't happy with Admiral's response and referred his complaint here. Our Investigator let Admiral know Mr N was also unhappy about being referred to the AMC and asked for its response to this as it wasn't included in the final response letter.

Admiral reviewed its referral of Mr N to the AMC and said Mr N had chosen to use the AMC. It said as it hadn't heard from Mr N for another 6-8 months it didn't think there was anything wrong with the referral. However, Admiral was unable to provide the referral call to us when asked.

Our Investigator looked into the complaint and recommended it be upheld. He found that since Mr N had originally raised concerns with Admiral about the AMC, he'd had to support legal proceedings to recover the hire car costs. Our Investigator looked into how Admiral referred Mr N to the AMC and didn't think it had been properly explained at the time of the referral. He said if Admiral had correctly let Mr N know the possible implications of being held responsible for the hire car costs, he didn't think Mr N would have used the AMC as he had courtesy car cover under his policy with Admiral.

Due to Admiral not properly explaining the difference between using an AMC and claiming on Mr N's own policy he thought it had caused Mr N unnecessary distress and inconvenience. This was because Mr N hadn't realised the AMC are a separate company to Admiral or that he was entering into a hire agreement for the car he used while his was in for repair. Also, when he was told he could be responsible for the costs and had to assist with defending the cost in court, he'd suffered additional unnecessary distress and inconvenience he wouldn't have had if he'd claimed on his own policy and used the courtesy car. Because of this, our Investigator recommended Admiral pay Mr N £500 for the distress and inconvenience caused by the poor referral.

Admiral disagreed, it said its notes showed Mr N chose to use the AMC and if it wasn't appropriate then the AMC would have passed Mr N's claim back to Admiral. And as Mr N didn't get in contact with Admiral again for a few months it didn't agree the referral was poor.

As Admiral didn't agree the complaint has come 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.

Admiral has provided its contact notes which show that when Mr N called and was deemed to not be at fault for the accident, he was referred to the AMC. Admiral's final response letter which addressed the referral to the AMC refers to listening to the referral call and says:

"Our agent offered you two options for your claim, you could either claim via your won [sic] policy, or use the non-fault service provided by [AMC name] where there would be no excess to pay. You confirmed you would like to use the non-fault service and the agent warm transferred you to [AMC name]."

Unfortunately Admiral is now unable to provide the call for me to listen to. I've therefore had to base my decision on the information it has been able to provide. And I'm not persuaded this shows Admiral did what it should have.

I say that because Admiral was obliged to provide Mr N with information that was clear, fair and not misleading, in line with its obligations under *Principle 7 of the FCA Handbook: Communications with clients (see PRIN 2.1R The Principles)* and *ICOBS 2.2.2R (Clear, fair and not misleading rule)*. In the circumstances of this case, this means that when Mr N contacted Admiral to tell it about his 'non-fault' claim for damage to his car, Admiral ought to have provided him with clear information about his options, so she could decide how best to proceed with getting his car repaired.

I've noted Admiral's comments that one of its complaint handlers listened to the call and Mr N was given two options. But I'm not persuaded this means Admiral did what it should have during the call. I say this because although the final response refers to Mr N being told he could claim through his own insurance policy, I'm not persuaded he was presented options clearly and fairly as it refers to him not needing to pay his excess. This is because Mr N may have been able to claim his excess back from the third party's insurer as an uninsured loss, even if he chose to claim through his own insurance policy.

I've also noted that Mr N hasn't raised a need for a like for like car while his was in for repair, only that he needed a car and that is why he had courtesy car cover under his policy. As a courtesy car is also provided under his policy it is therefore not something Mr N would have been at risk of needing to pay for if the third party disputed anything. And given Mr N hasn't shown a need for a like for like car he is more at risk of the third party disputing the hire car costs, as it did.

In regard to Admiral's comments about Mr N not raising this with it until several months later, I'm not persuaded that shows it referred Mr N to an AMC as it should have. This is because sometimes someone doesn't know they've got a cause to complain until a later date and considering Mr N raised concerns with Admiral 6 months after the referral, I'm satisfied he raised it when he knew he had a concern. This is also within the time limits allowed to raise a complaint with Admiral or this service and so I don't think Mr N raising his concerns several

months later shows Admiral did what it should have when referring him to the AMC.

So, when taking all of this into account I'm not satisfied Admiral presented Mr N with sufficient information for him to make an informed choice about using the AMC. I'm also satisfied from Mr N's comments that if Admiral had done, he would have claimed on his own policy instead and therefore not gone through the unnecessary distress and inconvenience of having to defend the hire car costs. Mr N has also highlighted this was particularly stressful for him as he believed he may be liable for over £2,000 worth of hire car costs which he couldn't afford to pay. However, I am also aware the third party has now settled these as the court instructed them to do so.

I've therefore looked at what Admiral needs to do to put things right. And when taking into account all the unnecessary distress and inconvenience Mr N suffered, which he likely wouldn't have done if he'd claimed on his policy. I'm satisfied £500 is fair and reasonable compensation for this.

My final decision

For the reasons explained above, my final decision is I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay Mr N £500 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 7 March 2023.

Alex Newman
Ombudsman