

The complaint

Mrs B complains about the information given by Admiral Insurance (Gibraltar) Limited when she called to claim on her motor insurance policy.

What happened

Mrs B's car was damaged in an accident with a third party, so she called Admiral to report the accident. As Admiral thought Mrs B wasn't at fault for the accident it referred her to an Accident Management Company (AMC) to deal with her car repairs and organise a hire car rather than claiming on her policy with Admiral.

Mrs B wasn't satisfied with the quality of repairs and so complained. Upon finding out she hadn't used her motor insurance policy Mrs B complained to Admiral about being referred to the AMC. Admiral reviewed the complaint and didn't uphold it. It said Mrs B had been given the option of claiming on her policy or using the AMC. Mrs B didn't agree and referred her complaint here, she said she'd had to sign up to a credit agreement for the hire car and that it wasn't made clear that she would have no come back against Admiral should the work not be acceptable.

Our Investigator reviewed the complaint and recommended it be upheld. He found that while Admiral had given Mrs B the option of claiming on her policy or using the AMC, it hadn't explained the options to her clearly. In particular he thought the information given about the AMC's regulation was misleading and that the implications of using the AMC had been understated. He thought if Admiral had clearly explained the options to Mrs B she wouldn't have used the AMC. And, as Mrs B now had issues with the repair which they were having to have corrected with the AMC, that Admiral had caused unnecessary distress and inconvenience she shouldn't have had if she'd claimed on her policy with Admiral. Because of this, our investigator recommended Admiral pay Mrs B £400 for the distress and inconvenience caused by the poor referral.

Admiral didn't agree. It said Mrs B was given the option of claiming on her policy or using the AMC. And by using the AMC she wouldn't have to pay her excess and could get a like for like replacement car while hers was being repaired.

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.

When Admiral referred Mrs B to the AMC it was obliged to provide her 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 Mrs B contacted Admiral to tell it about her 'non-fault' claim for damage to her car, Admiral

ought to have provided her with clear information about her options, so she could decide how best to proceed with getting her car repaired.

I've listened to the call between Admiral and Mrs B when she was referred to the AMC. In the call Admiral says:

"The first option is that you can use a non-fault service which is provided by a separate company called [AMC name]. [AMC name] will look to arrange the repairs to your vehicle at one of their approved repairers. Like ourselves [AMC name] are regulated by the FCA and in the unlikely event that you make a complaint not all can be escalated to the Financial Ombudsman Service but instead to an alternative dispute resolution scheme, so if you choose to use the non-fault service through [AMC name] there wouldn't be an excess for you to pay. The other option you have is you can make a claim from your own policy but the excess would be payable then at a later stage if the third party accepts liability then we can make a recovery of our costs, your excess can be claimed back"

After some discussion on how claims work and the difference between the vehicles Mrs B could have using the AMC or under her own policy the advisor says:

"With the first option like I say it's a non-fault so we go directly to the other persons insurer and essentially look to claim the money back from them"

From listening to this call, while I agree it gives the option of using the AMC or claiming on the policy, I'm not satisfied Admiral did enough to give a balanced referral and provided clear, fair and not misleading information. I say this because Admiral doesn't advise it won't be responsible for the actions of the AMC, and even use the phrase "we" when referring to them. Admiral also don't let Mrs B know she'll need to enter into a credit agreement with the AMC for its services. Also, when letting Mrs B know the AMC is regulated Admiral didn't mention that the AMC isn't regulated for the repairs to Mrs B's car. I'm therefore not satisfied Admiral did enough in this call to provide Mrs B with sufficient information for her to make an informed choice on whether to use the AMC.

I've therefore looked at the impact this has had on Mrs B. I understand Mrs B has said she wouldn't have agreed to be referred to the AMC if she'd known she would have had to enter into a credit agreement, or that she was stepping outside of her regulated insurance contract. Mrs B has also mentioned the issues with her car following the repair. I understand that the AMC is willing to support Mrs B with sorting the repairs to her car. However, due to the poor referral, Mrs B does have distress and inconvenience. I say this because she has to get the issues with the repair sorted and wasn't aware of the implications of using the AMC when she was referred to them and finding this out has caused her additional unnecessary distress and inconvenience. To compensate her for this I'm satisfied £400 is a fair and reasonable amount for Admiral to pay for the distress and inconvenience caused by the poor referral.

My final decision

For the reasons explained above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay Mrs B £400 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 30 June 2023.

Alex Newman
Ombudsman

