

The complaint

Mr S has complained about his previous motor insurer Admiral Insurance (Gibraltar) Limited because it duplicated a claim record which affected the renewal premium it offered, causing Mr S to take insurance elsewhere.

What happened

Mr S was involved in an accident in December 2022. Both he and the other driver recorded the incident with Admiral and an error on Admiral's recording system didn't pick up that this was the same incident. So two separate claims were recorded. Mr S spotted the error and asked Admiral to change it. Admiral said it had done so.

The policy was due to renew in April 2023. Mr S noted the premium had increased significantly and that Admiral still had two claims recorded. He spoke to Admiral but it wasn't prepared to amend the premium, although it did amend the claim record, and Mr S found cover elsewhere. When Mr S took out the new cover, whilst it was less costly than Admiral's renewal price, it was still significantly more expensive than his policy with Admiral had been the year before. Mr S felt Admiral's action of incorrectly duplicating the claim and not amending that record had caused him financial loss, as well as inconvenience. Admiral said it would pay Mr S £75 compensation. Mr S remained unhappy so complained to the Financial Ombudsman Service.

Our Investigator explained to Mr S that as he had only declared one of the duplicated claims to his new insurer (correctly), it was unlikely the premium it had charged had been affected by Admiral's error. But she accepted that had Admiral based its policy on the correct detail, Mr S likely wouldn't have sought cover elsewhere. She asked Admiral for detail about how the duplicated claim record had likely impacted its pricing of Mr S's renewing policy.

Admiral had its pricing team consider this issue. The information provided can't be shared in detail due to the confidential nature of insurance pricing. But the pricing team were able to confirm that Mr S would likely have been charged over £500 less than he was at renewal if the correct claim data had been applied.

Our Investigator asked Mr S for detail of what he'd paid for his new insurance. That was some £400 more than what Admiral had confirmed it would have charged. On balance she was satisfied that Mr S had only incurred that extra cost because of Admiral's error – that he'd otherwise have renewed with it, paying only the lower sum. She said Admiral should reimburse to Mr S £426.84 plus interest*.

Admiral said it disagreed. It said it was unable to find where it had confirmed that Mr S would have been charged less. It said he always had the option to shop around at renewal and he had found a policy which gave a saving against the renewal figure it had charged. Admiral said it wasn't fair to directly compare its price to that of the other insurer as all insurers rate differently. It said as it had made mistakes with Mr S's cover, it wasn't convinced he would have wanted to renew his cover with it anyway.

Our Investigator confirmed her view. When Admiral still didn't agree, Mr S's complaint was referred for an Ombudsman's decision.

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 made two errors here. It duplicated a claim record and it failed to correct that. The incorrect record then impacted the premium offered at renewal because both claim records were taken into account when Admiral priced that cover. Mr S spotted the incorrect detail, causing him to call Admiral and ultimately find cover elsewhere. For the inconvenience of that I think the £75 paid by Admiral is fair and reasonable. But that doesn't account for any financial impact.

I think Mr S was frustrated in December 2022 when two claims were recorded. But Admiral assured Mr S it had amended that. Had it done so only one of those claims would have shown on Mr S's renewal documents and Mr S would have had no reason to doubt the price he was offered. Admiral confirmed the price for cover was £1,863.74. And Admiral's pricing team has presented data confirming that the renewal premium would likely have been £541.26 less if the correct claim data had been used. Which gives figure Mr S would likely have been charged to renew with Admiral of £1,322.48.

I know price was important for Mr S. When Admiral wouldn't amend his renewal premium, he found cover elsewhere at a sum of £1,749.32 where only one of the duplicated claims was declared. That was less than the incorrect premium Admiral had offered. But more than what the correct price would likely have been. I think that if Admiral had corrected things as promised in December 2022, Mr S wouldn't have looked to go elsewhere at renewal. But, even if he had, he'd have found other policies more expensive anyway – as evidenced by the cover he took. I'm satisfied that Mr S only had to pay £1,749.32 for cover with another insurer because of Admiral's errors.

So Admiral's errors have caused Mr S a financial loss. He's paid £1,749.32 as against what he would most likely have paid to remain with Admiral of £1,322.48 (had it avoided those errors). That's a difference of £426.84. Admiral should reimburse this sum plus interest from 9 April 2023, the date the policy should have renewed with Admiral, until settlement is made.

Putting things right

I require Admiral to pay Mr S £426.84 plus interest* from 9 April 2023, the date the policy should have renewed with Admiral, until settlement is made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Admiral to take off tax from this interest. If asked, it must give Mr S a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 November 2023.

Fiona Robinson
Ombudsman