

The complaint

Mr S complains about the service provided by Admiral Insurance (Gibraltar) Limited following a claim made on his motor insurance policy.

What happened

Following a claim on his policy, Admiral paid Mr S cash in lieu of repairs. But Mr S said this didn't cover all the incident-related repairs. He was unhappy that he wasn't provided with a courtesy car and so he incurred hire costs. And he was also unhappy with delays in the claim and with Admiral's level of service.

Admiral agreed there had been service failings and it paid Mr S £360 compensation for this. It said Mr S wasn't entitled to a courtesy car under his policy. But it covered his hire costs from the date of the claim to the date the cash payment was made and also paid him £620 for his loss of use during this period. But Admiral said the further damage described wasn't related to the claim.

Our Investigator recommended that the complaint should be upheld. She first thought there wasn't convincing evidence that the further damage alleged was related to the claim. She thought Admiral's payment of compensation for the service failings was fair and reasonable.

She thought Mr S wasn't entitled to a courtesy car as he was using a non-approved garage for his repairs. She thought Admiral needn't have paid loss of use as well as the hire costs. But she thought it had delayed returning the car so the repairs could be made. And she thought it should pay Mr S compensation for his loss of use from a month after the claim until the car was returned to him, less what it had already paid, with interest.

Admiral replied that Mr S had delayed having the car assessed by a month. So it agreed to pay his hire car costs for the subsequent two months, less the loss of use payment already made. Its engineers said the further damage to the car wasn't related to the original accident as described by the notification call. It said it may be due to driving on or to a second incident. It said it had already paid Mr S a total loss settlement and he had accepted this.

Our Investigator then thought Admiral hadn't taken into account the full claim circumstances. She thought that if it had and if it had assessed the car fully then it would have seen the additional damage caused. She thought it should settle the claim as a total loss less the cash in lieu payment.

She thought Admiral had caused Mr S to be without a car for longer than was reasonable. So she thought it should reimburse Mr S's hire costs from a month after the accident until he replaced his car, with interest, on production of evidence for these costs, less the payments for loss of use already made.

Admiral replied that if all the alleged damage had been caused in the reported incident, the car would have been undriveable. It said Mr S's original report from his garage and its independent assessor's report didn't note the extent of damage now reported. It said its counter offer for hire car costs remained.

Our Investigator replied that she was persuaded that some of the claimed for damage was due to wear and tear. But she thought the intercooler had been damaged in the accident. As Admiral didn't agree with the Investigator's view, the complaint has come to me for a final 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.

I can see that it's now more than a year since Mr S's accident and I can understand that he would want this matter resolved. He has helpfully provided a detailed timeline of the claim journey. And I have considered this alongside his other submissions and Admiral's file.

Admiral agreed there had been service failings in its handling of the claim. I can see that these caused Mr S to spend long periods on hold trying to contact Admiral and its agents. And it agreed that its delays in progressing the claim had caused Mr S considerable trouble and upset. Admiral paid Mr S £360 in total compensation for this. And I'm satisfied that this was fair and reasonable compensation for the impact its service failings had over several months. From what I can see, Mr S has accepted this, and so I won't consider this point further.

What remains for me to consider is Admiral's decision that the mechanical damage Mr S said had been caused in the accident was unrelated to his claim and was a consequence of wear and tear. And also its compensation for the delays in the claim.

We're not engineers. We don't assess whether or how damage to a vehicle would be caused as this is a matter for the experts in these situations, the insurance companies and engineers. Our role in these complaints is to determine whether an insurance company has considered all the available evidence and whether it can justify its decision to not pay for additional repairs.

The evidence Admiral had to consider was Mr S's reports from the recovery agents, its approved repairer's assessment of the car, its independent assessor's three reports, a report from Mr S's own garage, and the opinions of its own engineers.

When Mr S first reported the claim, he described the circumstances saying that another car's wing mirror had clipped his and then he had driven into a ditch whilst making a three point turn. He said there had been a concrete pipe in the ditch. And he said the damage was to the car's wingmirror and bodywork (front bumper and bonnet). Admiral's approved repairer provided an estimate for the bodywork repairs. But it didn't remove the bumper to check for any underlying damage.

Mr S later said that there had been performance issues with the car after the accident and a warning light had been on. But he had kept driving the car and seems to have driven 700 miles until the car became undriveable. I haven't seen that Mr S told Admiral about the performance issues earlier or that the approved repairer noted any concerns.

Mr S said two recovery agents said the failure was due to mechanical damage caused by the accident. But Admiral's repairer said the problem was due to wear and tear and it didn't note any mechanical damage caused by the accident. So Admiral offered Mr S cash in lieu of repairs and he accepted this.

The car was returned to Mr S, and he said he then noticed damage to a pipe in the area impacted by the accident. Admiral then instructed an independent engineer to assess the car. He said the bumper needed to be removed to assess the mechanical damage. But I can't see that this was done. Admiral then instructed the engineer to do this and provide a further report. I haven't seen this report, but Mr S said it restated the earlier findings that the mechanical damage was unrelated, but the bumper still hadn't been removed.

Mr S then had his own garage provide a repairs estimate. This was reviewed by the independent engineer. Again I haven't seen his report, but Admiral's file notes that the cost of repairs due to suspension damage alone made the car beyond economical repair. So then Admiral paid Mr S a settlement for the total loss of his car, less the payment it had already made for his repairs. Mr S accepted this.

Mr S's garage later provided a report stating that it had removed the car's bumper and found damage consistent with a front end collision. But Admiral's in-house engineer said this wasn't consistent with the approved repairer's report and that the car would have been undriveable with the level of damage now reported. But I don't think this takes into account that the approved repairer hadn't removed the bumper and the damage to the pipe could have been initiated by the accident and worsened over time.

Mr S was unhappy that Admiral hadn't considered the mechanical damage when it offered him cash in lieu of repairs. And I can see that there is conflicting evidence, and I'm not satisfied that Admiral justified its decision that the mechanical damage was unrelated to the accident. But as Mr S accepted Admiral's offer for the total loss of his car, then I think this concern is now redundant.

This is because Admiral paid Mr S the market value of the car less the previous cash payment. Mr S said it would cost more to repair his car, based on his garage's estimate. But Mr S can't be bettered a claim. So if Admiral increased its payment for repairs, it would have to reduce the balancing payment. So I'm satisfied that it doesn't need to do anything further on this point.

But it took some time for Admiral to make this decision. It took months for it to return the car to Mr S so he could look to have it repaired. It had to chase the independent engineer three times to remove the car's bumper over several months. And I can't see that this was done.

Admiral said Mr S had contributed to the delays by a month as he hadn't responded to its requests to return the car so its independent engineer could further assess it. But I don't agree. I can see that Admiral called Mr S without success. But when it texted him, then he did respond promptly. So I'm satisfied the delay was due to Admiral, not Mr S.

Mr S complained that he hadn't been provided with a courtesy car during this time. But, as our Investigator has explained, he wasn't entitled to one until his car was taken for repairs. And, when he accepted the cash in lieu payment, then the courtesy car entitlement wouldn't usually apply as Admiral had indemnified him. But Admiral then delayed returning the car to him and I'm satisfied that it should have removed the bumper when the repairs were first assessed. This could most likely have avoided the substantial delays in the claim.

After the claim was made, Mr S initially asked friends for help with transport. He then hired a car as he needed to transport his children to school. The hire car was the smallest on offer. So I think Mr S reasonably mitigated his costs.

Admiral initially paid Mr S for his loss of use and it reimbursed his car hire costs from the claim date to the date of the cash settlement. Our Investigator has already explained that this is more than we would think reasonable as he was being compensated twice so the loss of use payment need not be made. And we'd allow one month for the claim to be progressed to the repairs stage. I'll consider this further below.

As I've explained above, I consider that Admiral caused delays in returning the car and didn't fully assess it at the start of the claim. But for this, Mr S's car would likely have been declared a total loss at the start and he wouldn't have incurred his hire costs.

So, to restore Mr S's position, I'm satisfied that Admiral should reimburse his car hire costs (on provision of reasonable evidence for these) from a month after the date of the claim until the payment for the car's total loss was made so that Mr S could buy a replacement. The previous payments for loss of use and reimbursement of hire costs should be deducted from

this amount. And because Mr S has been without his money for some time, interest should be added to the further reimbursement.

Putting things right

I require Admiral Insurance (Gibraltar) Limited to do the following:

1. Reimburse Mr S's car hire costs (on provision of reasonable evidence for these) from a month after the date of the claim until the payment for the car's total loss was made, less the previous payments for loss of use and reimbursement of hire costs.
2. Interest should be added to this amount at the rate of 8% simple per annum from the dates of payment to the date of settlement.

If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 November 2023.

Phillip Berechree
Ombudsman