

The complaint

Mr P complains about how Admiral Insurance (Gibraltar) Limited settled his claim for a stolen pickup under his commercial vehicle insurance policy.

What happened

Mr P purchased a new pickup in August 2022. In December 2022 his pickup was stolen so he claimed on his policy with Admiral.

Admiral reviewed the claim and accepted it. It said the policy provided a new vehicle replacement as Mr P's was less than 12 months old. However, Admiral said it couldn't provide the new replacement for around 9 months. Because of this Mr P was offered the market value in settlement of his claim which he reluctantly accepted. As he wasn't happy with how the claim had been settled, he complained.

Admiral reviewed the complaint and partly upheld it. It agreed the claim had taken too long and paid Mr P £150 compensation. However, it thought the amount it had paid for the market value of Mr P's pickup was fair. Unhappy with Admiral's response Mr P brought his complaint here, he didn't think the amount he had been paid was fair, as he'd bought the pickup a few months earlier. He also said he wasn't happy Admiral hadn't offered a new replacement pickup as it should under the terms and said he'd been left without one while his claim was dealt with.

Our investigator reviewed the complaint and recommended it be upheld. He found that Admiral couldn't provide the new replacement pickup within a reasonable time and so Mr P had no choice but to accept the market value. He thought that as Admiral couldn't provide a new replacement pickup it should pay Mr P what it would cost him to buy an equivalent new one or provide a new equivalent pickup to Mr P. He also recommended Admiral increase the compensation paid to £250.

Admiral didn't agree with our investigator. It said Mr P had accepted the market value and it thought its offer was fair. It also said by paying him what it would cost him to buy a like for like new replacement meant it was providing a benefit not covered by the policy.

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.

It's agreed that Mr P has suffered a loss covered by the policy, his stolen pickup. And that the claim meets the requirements of the "*New Vehicle replacement*" section of the policy. However, as Admiral couldn't provide the pickup in a reasonable time it paid Mr P the market value.

The terms and conditions of the policy say: "*If you do not want us to replace your vehicle, or*

a vehicle of the same model and specification is not available from UK stock, the most we will pay is the market value.”

I've considered this and that it's not disputed that Admiral would take nine months to provide the new replacement pickup. In doing so I'm not persuaded it's acted fairly and reasonably in this case. I say this because Admiral was able to provide the replacement pickup, but this would take several months. Mr P holds a commercial policy with Admiral and uses his pickup for work, he was therefore unable to wait nine months for a replacement one. Admiral should have looked at other options in how it could support Mr P, given it couldn't provide what it was supposed to under the policy in a reasonable time.

As Admiral didn't do this it meant Mr P had to accept the market value for his pickup, which he's explained was a few thousand pounds less than he paid a few months earlier. Our investigator suggested Admiral pay Mr P the difference in what it would cost him to buy a new like for like replacement pickup, and what Admiral paid for the market value for his pickup.

While I understand this isn't technically covered by the policy, I'm satisfied it's a fair and reasonable option when Admiral couldn't provide what it was supposed to, in a reasonable time. Therefore, Admiral needs to pay the difference in price for Mr P for a new like for like replacement pickup and what it paid as the market value for his pickup. Admiral should also add 8% simple interest to the additional amount it pays, calculated from the date it paid the settlement, until the date payment is made. This is to compensate Mr P for not having the money. I understand our investigator also gave the option to provide Mr P a new like for like pickup. Admiral couldn't do this in a reasonable time and Mr P previously didn't accept it due to the time frame, so I'm satisfied the fair answer is to pay the difference rather than give the option, as I've explained above.

I can also see Mr P's said he spent a lot of time calling and chasing Admiral. In its final response it awarded him £150 compensation for that. When taking this into account, alongside Admiral not treating Mr P fairly in regard to the new car replacement, I'm persuaded it should increase this by £100. Mr P has also raised concerns about not having a replacement vehicle and the impact this had on him. As his claim involved a total loss, the policy doesn't provide a courtesy vehicle. And while Admiral could have handled the claim better, I'm satisfied the £250 compensation offered above is sufficient to put things right for Mr P. I'm therefore not going to tell Admiral to pay anymore.

My final decision

For the reasons explained above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to:

1. Pay Mr P the difference in the market value it paid, and the price Mr P would need to pay to buy a like for like new replacement pickup at the time of loss. It should also add 8% interest to the additional amount it pays, calculated from the date it paid the claim until the date payment is made.
2. Pay Mr P £250 for distress and inconvenience

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 November 2023.

Alex Newman
Ombudsman