

The complaint

Mr C is unhappy with how Admiral Insurance (Gibraltar) Limited (“Admiral”) handled repairs to his car. He complains that Admiral provided poor service and caused significant delays – resulting in substantial losses.

What happened

In October 2022 Mr C was involved in an accident with a third-party vehicle, which caused damage to his car. He had a comprehensive motor policy with Admiral, and so he reported the incident to his insurer. Damage had also been caused when a tree branch fell on the car. A week later he contacted Admiral again to report pothole damage, which had occurred in an unrelated incident.

Admiral accepted the claim and initially repairs were scheduled to be carried out nearby. But at the end of November 2022 that garage told Mr C it was no longer one of the insurer’s approved repairers, so it couldn’t carry out the work. Mr C subsequently chased Admiral a number of times about finding a new garage. But when he hadn’t heard back by the end of January 2023, he arranged for the repairs to be carried out through the dealership at a location two hours’ drive from his home. Admiral eventually agreed to that arrangement, but Mr C had to organise the car to be recovered to the dealership himself. The dealership provided Mr C with a courtesy car while repairs took place, which Admiral agreed to insure.

A month after the car had been taken in Admiral still hadn’t authorised the work needed to repair it, and Mrs C regularly chased his insurer about the delays. Admiral eventually authorised the repairs in March 2023 – and Mr C said he was told over the phone in April 2023 the incidents would be treated as one claim. But later the insurer said two separate claims would be recorded (one for the initial accident and then the second for the pothole damage), each requiring an excess to be paid. It seems the tree branch damage wasn’t initially acknowledged by Admiral.

Whilst the dealership was carrying out the work it discovered that previous repairs, following a claim in 2021, hadn’t been completed to an adequate standard and needed to be rectified. Mr C says after Admiral was made aware of the work needed to rectify the 2021 repairs he didn’t hear from the insurer, despite chasing. He also didn’t get confirmation on whether it would continue to insure his courtesy car. Mr C said he was worried the previous inadequate repairs might invalidate his warranty, and would affect his ability to sell the vehicle – something he had told the Admiral on a number of occasions he was keen to do.

Mr C continued to chase the repairs, as well as dispute the number of claims recorded and as the excesses payable. Admiral eventually replied in April 2023 to say the repairs had been completed, and so the insurance on the courtesy car had also been cancelled. Mr C complained that the rectification work from the 2021 claim hadn’t been completed yet, because Admiral hadn’t approved those repairs to be carried out. He was unhappy with a number of other things, including the delays to the claim overall (his car had been with the garage for four months by then), a lack of responses to his communication, as well as the number of claims and excesses applicable. Mr C’s insurance policy had renewed during this period, so he was also unhappy his premium had increased by £2,500.

A final response was issued in May 2023, which did acknowledge some failings and offered £175 compensation. But Mr C didn't think all the issues in his complaint had been properly addressed, so he went back to the insurer. A second response was subsequently sent by Admiral at the end of June 2023, which agreed the first one hadn't gone far enough. It upheld most of his complaint points, including the ones raised about poor communication by phone and email, not properly reviewing what he had sent, not considering all associated losses, cancelling the insurance on the courtesy car prematurely, and asking him to collect the vehicle before repairs had all been completed. Admiral also apologised for the repairs following the 2021 claim not being up to standard.

Admiral didn't uphold the complaint point about the premium increase, and thought it had been calculated correctly at renewal. It also said two claims had rightly been recorded and so two excesses were payable. A cheque for £720 was issued to cover the financial losses it accepted – and that figure included compensation for the upheld issues outlined in the response. But Mr C says he never cashed it, as he didn't think the offer made in the second response covered all of the impact caused to him, or the losses arising from the insurer's handling of the claim.

Mr C referred matters to our service. He said the delays were impacting his ability to sell the car, and repairs were still ongoing almost ten months into the claim. So he sought an award to account for depreciation in his vehicle, as well as a refund of the payments made towards his finance agreement while he didn't have use of the car. He also reiterated that Admiral had agreed, during a call, to the pothole and accident repairs being considered under one claim due to the delays in repairing the car. He remained unhappy that Admiral hadn't renewed the insurance on the courtesy car, and claimed the insurer had put his family at risk by saying it was safe for him to take his car back without the rectification work being done. He added that he wasn't able to change insurers while the claims were still open on his policy, so he had to pay the increased premium – along with petrol costs not covered by the offer. He also maintained he was unhappy about paying separate excesses of £1,000 each.

Around mid-July 2023 Admiral wrote to Mr C to confirm it had agreed to him paying one excess as a goodwill gesture. It also said it was in contact with the independent assessor and the dealership regarding the additional repairs. Mr C was eventually able to collect his car on 25 August 2023, but alleges his losses had by that point increased to over £25,000.

One of our investigators considered the issues covered by Admiral's second final response letter, and thought the complaint should be upheld. She acknowledged that Admiral had already upheld a number of Mr C's complaint points – including the various delays, long wait times during calls, being passed between different departments (meaning he had to repeatedly go over the same events), as well as the lack of responses to his emails. Our investigator thought Admiral's total offer of £895 compensation, as well as agreeing to waive one of the £1,000 excess payments, covered most of the financial losses – and was reasonable compensation for the significant distress and inconvenience caused.

The investigator did however think that Mr C's claim about the depreciation of his car's value should be upheld. In her view, Mr C had demonstrated his intent to sell – and had it not been for the long avoidable delays, the repairs would likely have been completed by January 2023. The investigator obtained her own valuations, using industry trade guides, and said the average difference was £9,259 for that period. She recommended Admiral paid this depreciation amount to Mr C, plus 8% simple interest per year. In relation to Mr C's monthly hire purchase payment, the investigator didn't think this was something that should be reimbursed. But she thought Admiral should cover the interest part of the instalments paid between January and August 2023.

In relation to the number of claims and the increased premium, our investigator thought that

Admiral was correct to log the pothole and the accident claim as two separate incidents – as they happened on two separate occasions. She also looked into the criteria used to calculate Mr C's new premium, but she didn't think Admiral had made any errors. Furthermore, our investigator didn't think Admiral should reimburse Mr C's petrol costs, as the policy terms say that any courtesy car provided would be a small hatchback and not a like for like replacement – and added that the policy doesn't cover petrol costs. But she thought Admiral's offer of £250 towards this expense was fair and reasonable.

When considering Mr C's complaint about Admiral failing to renew the insurance cover on the courtesy car, our investigator noted that Mr C had been away between February and March 2023. She also pointed out that, thankfully, he hadn't been stopped for driving without insurance. So, although it would have been distressing to find out there hadn't been insurance in place for a period, she thought Admiral's offer sufficiently covered this part of the complaint.

Mr C didn't initially agree with our investigator. Among other things he didn't think it was fair to only award the interest payable under his hire purchase agreement. He argued that had he been able to sell his car sooner he wouldn't have incurred an additional eight months' worth of payments. Mr C added that the tree damage happened at the time of the accident of October 2022 and that Admiral had failed to include it in the claim initially. He said the pothole incident happened later, but Admiral agreed (verbally) to include this with the previous claim as it had delayed arranging the repairs.

Our investigator asked Admiral for further evidence, including call recordings, which might show it agreed to consider the pothole and accident damage as one claim. But she wasn't able to find any evidence of Admiral saying this to Mr C. Ultimately, she felt it was fair and reasonable for Admiral to treat these as separate claims – and so maintained her earlier recommendations on that point. The tree branch damage was also later included in with the existing claims and repaired, so nothing further was needed to resolve that issue. Mr C subsequently accepted our investigator's view in order to bring the matter to a close.

Admiral didn't agree and asked for an ombudsman's decision. It didn't accept that it was responsible for the depreciation of the car's value, and said that there was no evidence that Mr C was going to sell his car – only that he had made enquiries about its value. Our investigator responded to say she'd seen evidence Mr C had agreed to sell his car to a particular company. Admiral disagreed and said that the particular company would need to inspect the vehicle's condition first and make an offer, so it didn't consider this to be definitive proof Mr C was intending to sell his car. It also disagreed with having to pay for the interest part of his finance agreement instalments for the same reason.

As there was no agreement between the parties at the informal stage of our process, the matter was passed to me for a final decision on the complaint.

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.

Having done so, I've decided to uphold Mr C's complaint – and for broadly the same reasons the investigator gave. Before I explain my rationale for this outcome, I wanted to acknowledge the long process Mr C has been through to get these matters resolved, and I thank him for his patience. I've also summarised events in far less detail than what's been provided to me by both parties – no discourtesy is meant by that, nor is it my intention to minimise what Mr C went through. The history of the claims are well known to the parties, so

I've had our informal remit in mind when instead focussing on the issues left to be decided.

Throughout the course of the complaint some of the issues have been agreed on between the parties. For example, Admiral has accepted that it failed Mr C in its communication, that it caused delays – both in its communication with Mr C and in arranging and authorising the repairs to his car. Our investigator thought the £895 offered by Admiral, as well as its agreement to waive the £1,000 excess, was reasonable compensation for Mr C's customer service complaints and the inconvenience he endured. Including things like the time spent and worry caused in relation to the renewal of the insurance cover for the courtesy car, the problems encountered when arranging the dealership's car to be returned, and the effort in organising his car to be recovered to the dealership at the start. The investigator also thought that combined total (of both offered and waived amounts) fairly covered Mr C's claims for expenses – such as petrol and the cost of calls. I agree with that – and find the offer is rightly significant to account for the substantial distress and inconvenience he was caused.

Mr C accepted our investigator's view on those things. He told us he hasn't cashed the cheques, and given the time that's passed it's unlikely they would still be accepted by the bank. So I'll be directing Admiral to cancel the previous cheques and reissue one for the total compensation offered. The issues which remain to be decided, though, are related to the depreciation in value of Mr C's car, and whether the interest payable on the hire purchase agreement should be covered by the insurer. These are the points Admiral disagreed with and so they are the main issues I will focus on – though I will, for completeness, touch on the other things in dispute.

Number of claims and impact on premium

I appreciate that Mr C told our investigator that he didn't necessarily want us to decide how many claims he had made under his policy. But, as our investigator explained, this was necessary in order to determine whether Admiral had acted fairly and reasonably in calculating Mr C's renewal premium. I agree with our investigator, and think the pothole and the accident damage amount to two separate claims. I say this because they happened in unrelated incidents on different days.

Mr C said that Admiral had agreed to treat the pothole and the road traffic accident as one claim. I have seen a call note from April 2023, where Admiral recorded it told Mr C the tree damage and the accident damage would be treated as one claim as a goodwill gesture. But that note states that the pothole and the accident damage would be treated as separate incidents, and therefore that two excesses would still apply. Mr C has since told us that the tree damage happened at the time of the road traffic accident and not at a separate time. So I think it was right that these were considered under one claim, even if this seems to have resulted from a misunderstanding. But, like our investigator, I have listened to the calls Admiral provided and I wasn't able to find an instance when Mr C was advised the pothole and the accident damage would be treated as one claim. None of the notes recorded about the contact throughout the claim clearly point to that being said either. So, as they happened on two separate occasions, I think recording the incidents separately is fair and reasonable. It follows that I think it would have been fair for Admiral to have charged Mr C two excesses in respect of those two claims. It decided to waive one excess, which was fair and reasonable in the circumstances – and has therefore been factored into the overall compensation offer.

In terms of the way the premium was calculated, Admiral has provided us with confidential business sensitive information to explain how Mr C's price increase was calculated. I'm

afraid I can't share that with him, but I hope he can rest assured that I've checked it carefully. I'm satisfied the price he was quoted has been calculated correctly, and all of Admiral's customers in his position will have been charged a similar premium.

Depreciation

Mr C said he initially planned on selling his car once it was repaired, around January 2023, but due to Admiral's delays he wasn't able to. He has complained that during that time the car depreciated in value. Mr C has provided valuations from a company who he says he was planning on selling the car to. He's provided correspondence from this company showing that it gave him a valuation in September 2022 and this valuation was for £41,174. Mr C said he also asked for valuations in January and February 2023 – and he also obtained a further valuation from the same company in June 2023. In addition, Mr C has provided email exchanges with another car dealership which show negotiations in relation to another car that he was planning on buying in May 2023 and August 2023. I've seen that he referred to his plans to sell the car in a number of his emails to Admiral while the claim was ongoing. Mr C has also provided correspondence from the finance company that provided his hire purchase agreement, showing he made enquiries about the settlement figure in September 2022. So, on balance, I am satisfied that Mr C's intention was to sell the car during this period – and that Admiral's poor handling of the claims prevented this.

I appreciate Admiral doesn't think Mr C has provided evidence to show he was *definitely* going to sell the car. We'll never know for sure would have happened. But the delays caused aren't in question. So, for me to decide that Admiral is responsible for the depreciation in the value of Mr C's car, I need to be satisfied that, on the balance of probabilities, he was planning to sell it. Based on the evidence I've referred to above, I find it more likely than not Mr C was planning on selling the car.

Mr C said he was planning on selling his car by January 2023. As I said above, I've seen that Mr C started making enquiries with the finance company, and the company he planned to sell the car to, as early as September 2022. He also carried on with these enquiries while the claim was ongoing, and selling the car was something he'd made Admiral aware of throughout the claim. On balance, I think it would be fair to assume that, bar for Admiral's delays, Mr C could have reasonably expected to have been in a position to sell the car by January 2023 – bearing in mind when he started making enquiries about this. In arriving at this timeline I have also borne in mind that the accident happened in October 2022, the car didn't go in for repairs until January 2023, the repairs weren't authorised until March 2023 and it wasn't until mid-April 2023 that the further damage was identified. Those repairs weren't authorised until July 2023 and Mr C didn't get his car back until the end of August 2023. Had it not been for the delays; which were mainly caused by Admiral failing to provide its authorisation or not responding; I think it is reasonable to say that the repairs could have been carried out within a matter of a few months after the accident – and in all likelihood by January 2023. The repairs themselves didn't seem to take more than a month or two, once authority had been given, which cements my view. For these reasons, and in the specific circumstances of this complaint, I think Admiral should compensate Mr C for the loss in value that the car suffered between January and August 2023.

In order to calculate the depreciation in value of Mr C's car our investigator used industry guides, which are based on extensive nationwide research and show likely sales prices. She used the guides to get an indication of the car's value in January and in August 2023, and arrived at an average valuation of £39,297 and £30,038 respectively. I think this was a reasonable way of determining the level of depreciation, and I note that there were no

obvious outliers amongst any of the valuations. Mr C provided his own evidence which showed the valuations he was provided with by the company he was going to sell his car to. But the valuations were for September 2022 and June 2023, so I haven't found them to be very reliable in deciding the likely value of the car in January and August 2023. I believe the guides would give a more accurate indication, as any offer made to Mr C would still likely be contingent on the car being inspected by the particular company and subject to negotiation.

Our investigator said the depreciation was around £9,259 – and I think that figure has been arrived at fairly and reasonably. So I'll be directing Admiral to pay it, plus interest to account for the time he's been without those funds. I appreciate that money would have likely been put towards the new vehicle, had things happened as they should have. But Mr C had to use his own separate funds instead to achieve that in the end, and in the absence of the higher amount he would have achieved through the sale. So I think interest is still appropriately awarded.

Hire purchase interest payments

I don't think the full instalment amounts on Mr C's hire purchase agreement should be returned to him for when he wasn't using his car. I consider that any payment he made towards his hire purchase agreement has gone towards the overall balance of his "loan" from the finance company. So, when he came to return the car, the outstanding balance would be lower. Also the payments were going towards the purchase of the car which he was still the "owner" of, whether he was able to use it or not. So he hasn't lost out by making those payments towards the capital of the loan. In some circumstances a loss of use award can be appropriate, for the time someone wasn't able to use their own car. But Mr C had use of a courtesy car, so I don't think such an award would be justified. I do, however, agree with our investigator that it would be fair and reasonable for Admiral to reimburse Mr C for the interest he was paying on his hire purchase agreement. I say this because I've decided it's not likely something he would have had to pay, had the agreement ended in January 2023. It also doesn't help towards reducing the balance on his finance agreement.

I've had to decide what I think would likely have happened after Mr C sold the car in January 2023. I've seen evidence of the replacement car he was considering at the time, which carried a lower value, and I've also had some regard for what did end up happening. I'm persuaded, on balance, that Mr C wouldn't have entered into a new finance agreement, and would have likely purchased a vehicle outright (which is what happened). So, but for Admiral's mistakes (and the delays those resulted in), he wouldn't have been paying interest on a finance agreement after January 2023. Therefore the interest paid after that point, until August 2023, should fairly be refunded. Mr C's agreement included 4.7% interest on the full credit amount of £48,335.50. Admiral should reimburse him for that cost on the portion it is liable for. As that interest refund is money that Mr C's not had use of since January 2023, Admiral should as pay 8% simple interest per year on top (as directed below) to compensate him for time he's been without it.

My final decision

For the reasons given above, I have decided to uphold this complaint. So, Admiral Insurance (Gibraltar) Limited must:

- Pay Mr C £9,259 for the depreciation in value of his car between January and August 2023. It must also pay 8% simple interest per year on this amount from 1 January 2023 to the date it pays it*.
- Reimburse Mr C for the interest he paid on his hire purchase agreement between January and August 2023. Under the agreement the interest was 4.7% on the full credit

amount of £48,335.50. Admiral should liaise with Mr C if it needs more information, like the loan agreement, to make that calculation. It must also pay 8% simple interest per year on this amount from 1 January 2023 to the date it pays it*.

- Issue a new cheque for the total compensation amount offered of £895, and cancel the old cheques. It should only do that if the cheques sent previously in connection with the complaint haven't been cashed by Mr C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 September 2024.

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

Ryan Miles
Ombudsman