

The complaint

A partnership, which I'll refer to as C, complains about Admiral Insurance (Gibraltar) Limited's (Admiral) handling of its motor insurance claim.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

C took out a motor insurance policy which was underwritten by Admiral. In January 2022, C was involved in a collision with a third party. The accident was reported to Admiral.

C said Admiral failed to investigate its claim properly and there have been substantial delays in reaching a decision on liability. C also had concerns about the value of the claim proposed by the third-party.

Admiral initially proposed to settle the claim on a 50/50 liability. C was unhappy with Admiral proposing to settle liability 50/50. C didn't think its driver was at fault. C argued that the road which the two vehicles were travelling down was wide enough for both vehicles to pass, and although C's vehicle moved over as far as possible, the third-party hit C's vehicle. The third-party also failed to stop at the scene. C was unhappy that Admiral was proposing a 50/50 split on liability. Admiral said that the terms of the policy allowed them to conduct the defence on C's behalf.

C was unhappy that Admiral failed to obtain a witness statement from the contact details it had provided. Admiral said they sent the witness a questionnaire to complete, however the witness didn't respond. Without any evidence, Admiral said they wouldn't be able to defend the claim because they felt there was no prospect of success if the matter proceeded to court.

During the settlement of the claim, things came to a halt due to Admiral not receiving the third-party's allegations. Admiral said they couldn't settle the claim until this was received. Due to liability not being settled, the claim has remained open against C since January 2022. C said Admiral should remove the claim as it's having a financial impact. Admiral said they couldn't remove the claim from C's record because there has been an incident, which isn't in dispute. And as the third-party is pursuing an active claim for costs against C's policy, Admiral said they can't remove the open claim from C's records. Admiral also explained that they rate all incidents regardless of fault or whether a claim has been made.

Admiral did however accept that they didn't communicate efficiently with C or provide updates on the claim, they therefore offered to pay C £150 for the distress and inconvenience caused.

Unhappy with Admiral's response, C referred its complaint to the Ombudsman Service. Our Investigator upheld the complaint in part. In summary, she said Admiral have a duty to make accurate records about their policyholders, and therefore Admiral acted correctly by recording the claim against C. However, she did think Admiral didn't make reasonable

attempt to obtain a statement from the independent witness, and also that they had delayed making a decision on liability. She also found that C had chased Admiral numerous times for an update, but Admiral weren't forthcoming with keeping C updated on the progress of the claim. She said that Admiral should put things right by making a decision on liability and settling the claim. She also thought that Admiral should increase their offer of compensation to £500 in recognition of their poor handling of the claim.

Admiral didn't agree with our Investigator and so the case has been passed to me to decide.

I sent an email to Admiral explaining that I was minded to uphold this complaint for the same reasons as our Investigator. I concluded that in order to put things right, Admiral should close the claim and record liability as 50/50. I also said that Admiral should pay C £350 in addition to the £150 already offered for the delay in handling this claim, failing to keep C updated, and not taking sufficient steps to obtain a witness statement.

In summary, Admiral didn't agree with the compensation amount suggested. They said that it was not known whether the witness would have provided a statement, and in any event, it wasn't appropriate to contact her about it again.

Admiral also explained that while the case has been awaiting a decision, the third-party claim has been received. Once this complaint is concluded, Admiral will start to settle the liability, which they will attempt to do on a 50/50 split liability.

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'm upholding this complaint. I'll explain why.

My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. The key disputes here relate to Admiral's failure to obtain a witness statement and the delay in settling liability for C's claim.

Both parties have provided detailed submissions to support their position. I want to assure them I've read and carefully considered everything they've said, but I won't comment on it all.

The relevant rules and industry guidance say that Admiral have a responsibility to handle the claims promptly and fairly and they shouldn't reject a claim unreasonably.

In C's complaint letter to the Ombudsman Service, it said that it didn't think its driver was at fault for the accident. Whilst C clearly disagrees with Admiral's suggestion to settle the claim on a 50/50 liability, what it is also disputing is that the claim has remained open since January 2022 with no resolution. It's also unhappy that Admiral didn't obtain a witness statement.

The Investigator has already explained that it isn't our role to decide who was responsible for causing the accident. This is the role of the courts. Instead, our role in complaints of this nature is simply to investigate how the insurer made the decision to settle the claim. Did it act fairly and reasonably and in line with the terms and conditions of the policy?

In the terms and conditions of C's policy, Admiral's ability to determine liability is included under the heading Claims Procedure. Here it says, in summary, Admiral has full discretion to

take over and deal with the defence or settlement of any claim that arises.

So, Admiral is entitled, under the terms and conditions of its policy with C, to take over, defend, or settle a claim as they see fit. And this means Admiral can settle the claim as they feel is appropriate irrespective of what C said and whether it agreed with the outcome or not. This is a common term in motor insurance policies, and I don't find it unusual. And I think it's a reasonable term, as ultimately Admiral will have to pay any settlement, so they should be able to decide how to settle.

This having been said, I would still expect Admiral to act reasonably when relying on this term and properly consider the matter before proposing a settlement.

Witness statement

C provided Admiral with details of an independent person who witnessed the incident. Admiral said they contacted the witness via email and the witness confirmed she was happy to provide a statement. Admiral asked the witness for a statement and chased her once, but Admiral didn't receive a response.

I agree with Admiral that it's difficult to know whether the witness would have provided a statement and even if she did, whether the evidence would have been sufficient to assist in defending liability. However, I would still expect Admiral to have made a reasonable attempt in obtaining the evidence especially where the witness has confirmed they are happy to provide it. I have considered the steps taken by Admiral, but I'm not persuaded that Admiral's actions were sufficient. It would have been reasonable for Admiral to have chased the witness again or attempted contact using other means such as a telephone, given this information had been provided to them.

In the circumstances, I do think that Admiral need to increase the compensation they have offered C to take account of what's happened here. I will address this below when I consider the overall redress.

Liability

C reported this claim to Admiral in January 2022 and to date no settlement has been made for liability and the claim remains open. Admiral said they were waiting for the third-party to send them their allegation so they could agree a settlement. While that might well be the case, I consider it unreasonable for a claim of this nature to have taken almost three years to get to this point. I'm not persuaded that Admiral actively pursued this claim with the third-party and I don't consider it fair or reasonable for it to remain open without any further action for this length of time.

The situation regarding the settlement of the claim has moved on since the complaint came to the Ombudsman Service. I understand that a claim has now been submitted by the third-party insurer. Given the time we've reached already, I would hope that Admiral now reviews the claim in a timely manner, and deals with it in line with the policy terms and conditions, quickly and reasonably. I can't make a finding on the liability settlement as that event hasn't happened yet. Once the liability has been settled, if C remains unhappy with how Admiral have settled the claim, C would need to raise this as a separate complaint.

Taking all of this into account, I believe Admiral need to pay C compensation for the distress and inconvenience it has suffered during this time.

Claims handling

C also said Admiral failed to keep it updated and I have seen evidence that C had to chase Admiral a number of times for updates. Admiral also accepts that their communication with C wasn't good and offered £150 compensation for the distress and inconvenience caused.

C is also unhappy that the claim remains against its name and said that Admiral should remove it. While I appreciate why C may feel this is the most appropriate action to take due to the length of time it has been open without settlement, I agree that Admiral have a duty to make accurate records about their policyholders. As the incident itself isn't in dispute, I'm satisfied that it's fair the claim is recorded against C and I don't require Admiral to remove it.

Putting things right

Having considered how long this matter has been on-going, along with the Admiral's actions in attempting to obtain a witness statement and the overall distress and inconvenience caused to C, I'm persuaded that Admiral should pay C £500 compensation in total. Admiral can deduct the £150 if it's already been paid.

Admiral should also now look at settling the liability for this claim quickly and promptly.

My final decision

My final decision is that I uphold this complaint and Admiral Insurance (Gibraltar) Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 23 April 2025.

Ankita Patel
Ombudsman