

## **The complaint**

Ms A complains about the way Admiral Insurance (Gibraltar) Limited dealt with a claim on her motor insurance policy.

## **What happened**

Ms A contacted Admiral in August 2022 after an incident with another car. She said she had clipped the other car's wing mirror. There was no damage to her car. When she reported the incident, she told Admiral the other party told her they had been involved in other incidents on the same road.

When Ms A renewed her policy in March 2023 the premium went up. She contacted Admiral and was told it had settled the claim made by the other party.

Ms A was unhappy Admiral hadn't kept her informed about the claim or obtained a breakdown of the claim costs and complained about this.

In its final response to Ms A's complaint, Admiral said it had no reason to question the amount claimed by the third party's insurer, and the renewal premium had been calculated on the basis of all the relevant information. But it accepted there had been some poor communication, apologised for this, and paid £75 compensation for any distress caused.

After Ms A referred the complaint to this Service, Admiral said the renewal premium was calculated on the basis of the estimated claim costs but the amount paid turned out to be lower; if it had used the actual claim cost, the premium would have been £15.51 less. Admiral offered to refund the difference of £15.51 together with interest.

Our investigator said she thought the offer was fair but Ms A didn't agree. She said:

- the amount claimed was extortionate when the only damage was to a wing mirror
- she was concerned the third party had provided inaccurate information and Admiral should have obtained a detailed breakdown of the repair costs, to ensure the damage claimed for was only related to this incident.

Admiral clarified that the amount paid out on the claim was less than the original estimate. It said there was no evidence of pre-existing damage, the costs had been assessed by the third party's insurer and it would have expected any repairer to have identified any old or unrelated damage.

The investigator considered the additional points and said it was still her view a fair settlement would be for Admiral reimburse Ms A the difference in premium, with interest. Admiral confirmed it would pay this but Ms A didn't agree and requested 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.

The policy terms say Admiral is entitled to conduct the investigation, defence and settlement of any claim. So it was entitled to decide how to settle the third party's claim. And it's for an insurer to decide what cover to offer and how much to charge. But I can consider whether Admiral has acted fairly.

The relevant industry rules and guidance say insurers must deal with a claim promptly and fairly, and provide appropriate information on its progress. I've taken this into account when considering whether the way Admiral dealt with the claim was fair.

I appreciate Ms A is concerned that the claim settlement seems high compared to the damage caused. The repairs were dealt with by the other party's insurer. So Admiral had no direct control over that. While it didn't have a breakdown of the costs, Admiral took the view they had been assessed by the other insurer and it would have expected any repairer to have identified any pre-existing or unrelated damage. The other insurer would have had to satisfy itself the costs were reasonable. While Ms A was concerned the other party might claim for unrelated damage, there was no further evidence that had actually happened. In the circumstances I think the way Admiral dealt with this was fair.

When Ms A renewed her policy some months later, the premium went up. That's not unusual – any claim is likely to lead to an increase in premium. Admiral has provided details of how the premium was calculated. This took into account a range of factors and the claim was only one of these. I'm satisfied Ms A was treated the same as any other policyholder in the same circumstances would have been.

When the policy renewed, the claim details hadn't been updated on Admiral's system, which was showing an estimated claim figure rather than the amount actually paid out, even though the claim had been settled. That was an error but Admiral has explained that it has recalculated the premium using the correct amount paid.

This has resulted in a difference of £15.51 which it has offered to repay to Ms A, together with interest from the date of the policy renewal. That would put her in the position she would have been in, if the correct figures had been used, so I think that's fair.

There was some poor communication and Admiral didn't update Ms A about the claim when it should have. That would have been upsetting for her. But Admiral has paid compensation of £75 in respect of this. Taking into account the distress caused, that was reasonable.

### **My final decision**

I uphold the complaint and direct Admiral Insurance (Gibraltar) Limited to pay £15.51 together with interest at the rate of 8% simple from 8 March 2023 to the date of settlement.

If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms A how much it's taken off. It should also give Ms A a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 27 August 2024.

Peter Whiteley  
**Ombudsman**