

The complaint

Mrs W complains that Admiral Insurance (Gibraltar) Limited would not cover the full cost of repairing her car after she made a claim on her motor insurance policy.

What happened

An Ombudsman looked at this case and provided her initial thoughts in her provisional decision as follows;

In March 2022, Mrs W bought a car that was a bespoke model with several modifications. She says she called Admiral and it said it would cover the modifications if she sent a list of them. Mrs W sent this information and then heard nothing further. Mrs W says she thought that Admiral accepted the list of modifications and her car had been fully insured. She thought she had a fully comprehensive motor insurance policy with Admiral.

On 23 June 2023, Mrs W was involved in an accident and her car was damaged. Admiral agreed to undertake repairs and the car was eventually passed to a specialist repairer. Admiral decided that it would not cover repairs for the specialist vehicle parts.

In addition to that, Mrs W told us Admiral had not provided her with a courtesy car.

In response to the complaint, Admiral said it was sorry if Mrs W had been led to believe that the bespoke features of her car would have been covered. However, it said it should have been clear from the policy certificate that the model was not correct. It said Mrs W should have contacted it when she saw this and if she had, she would have been told that the modifications were not covered.

Admiral accepted that it should have provided a courtesy car to Mrs W. It had already paid some compensation for this, and it offered to pay a further £735. This was because she did not have the use of a car and because of the distress and inconvenience she had been caused.

Mrs W did not accept the outcome suggested by Admiral. She complained to the Financial Ombudsman Service. Our investigator considered the matter. She said that Admiral should cover the full cost of the repairs and not just the standard repairs. She said that Admiral would need to cover storage charges, if applicable. Our investigator also thought that Admiral should pay a further £450 for distress and inconvenience to Mrs W and increase the compensation by £10 a day because she did not have use of a car.

Admiral did not accept our investigator's view and the matter was passed to me for an ombudsman's decision.

I asked our investigator to find out some more about the impact not having a courtesy car had on Mrs W. She told us that she hadn't incurred any additional hire, travel or insurance costs. However, she had to rely on family and friends for lifts. She would walk to work but at times, she also had to rely on colleagues for lifts. She said that not having a car caused a huge strain on her family life. She has an enduring disability, and she lost some

independence by not having access to her own car. Mrs W told us that she spent many days stuck inside the house.

What I've provisionally 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.

As things stand, I intend to uphold the complaint. I'll explain why.

The first thing I've considered is whether Admiral should cover the cost of repairing the modifications.

Looking at the terms and conditions of the policy, I can see that Admiral says it will not pay to replace or repair any modifications made to Mrs W's car. There is an exception to this if the modifications were made by the manufacturer and Admiral agreed to cover them.

I understand that the modifications to Mrs W's car were not made by the manufacturer. With that in mind, I think Admiral acted within the terms and conditions of the policy when it said it would only cover repairs for standard parts.

However, I have also considered whether sticking to the terms and conditions in this case would lead to a fair and reasonable outcome in all the circumstances of the complaint.

Mrs W says that she called Admiral to add the modified vehicle to the policy and she was clear about the type of car it was. Unfortunately, I haven't been provided with a recording of the call between Mrs W and Admiral from that time. I have seen some call notes dated 7 March 2022 showing that Mrs W called Admiral to request an email address to send the list of modifications. This call was made a few days after the car was added to the policy.

I agree with our investigator that this indicates there was a conversation between Mrs W and Admiral in which the modifications were discussed. It seems most likely to me that Mrs W was left with the impression that her vehicle would be covered if she sent the list of modifications. If this were not the case, I think it is unlikely that Mrs W would have continued with her policy. If she had known she wasn't fully covered, I think she would have looked elsewhere for a policy that fully covered her vehicle.

In any event, Admiral now accepts that Mrs W made it clear what type of vehicle she had when she took the policy out and that it didn't respond to the emailed list of modifications. I think that in light of Admiral leading Mrs W to believe that her vehicle would have been covered if she sent the list of modifications, she had a reasonable expectation that Admiral would contact her if this were not the case. No response was sent to Mrs W's correspondence and so I can see why she thought she was fully covered.

Admiral says that it thought Mrs W should have known from the policy document that the vehicle covered did not match hers. It says she should have contacted it when she saw that. But I can see the policy document showing the incorrect model is dated 2 March 2022. Mrs W was in touch with Admiral after that date and she sent the list of modifications after that time. I am provisionally satisfied that Admiral's actions led Mrs W to reasonably believe her vehicle was fully covered by sending the list of modifications.

With all of this in mind, I provisionally agree with our investigator that Admiral's decision to only pay for the standard parts is unfair and unreasonable. As our investigator said, by not making it clear to Mrs W that her vehicle was only partly covered, she lost the opportunity to

fully cover her vehicle elsewhere. It follows that as things stand, I think it would be fair for Admiral to cover the full cost of the accident-related repairs.

Our investigator said that she thought Admiral should cover any storage costs Mrs W incurred. Mrs W doesn't think she will have to pay for storage. But in the event she does, I think it would be fair for Admiral to cover storage costs relating to this claim.

Admiral accepts that it didn't provide a courtesy car to Mrs W. The terms and conditions of the policy say that it will provide a courtesy vehicle while her own car is being repaired. I understand Mrs W's car has been with a repairer for some time awaiting repair.

Our investigator recommended that Admiral pay £10 a day to Mrs W for each day she had been without a car while her vehicle was in repair. When someone has been without a vehicle for some considerable time, as a service, we no longer recommend a daily amount for the loss of use of a vehicle. Instead, I've looked at whether Mrs W incurred any additional costs because she had no access to a car.

In her response to our investigator, Mrs W didn't appear to have too many additional costs caused by the lack of vehicle. For example, she was able to walk to work or get a lift from a colleague. More generally, she was heavily reliant on the generosity of friends and family to drive her to various places. I understand she didn't incur any additional costs because she had to use public transport.

With that in mind, I think the compensation Admiral already paid for loss of use of the vehicle is fair in that regard.

That said, I can see that not having the use of a car has caused Mrs W some considerable distress and inconvenience. It is understandable that the uncertainty about what was happening with her car and the length of time awaiting repairs has caused her some stress.

As I said, she has an enduring disability and at times, she was unable to leave her home because she lost the independence a car afforded her. It is clear from reading her correspondence that she has been very affected to the point that she became unwell and had to take some brief time off work.

On that basis, as Admiral's mistake here has caused Mrs W some considerable distress and inconvenience, I think it would be fair for it to pay a further £600 to put that right.

It follows then that I intend to uphold the complaint and require Admiral to put things right as I have set out below.

Putting things right

I intend to tell Admiral to:

- *Increase the cash in lieu payment to Mrs W from the cost of the standard repairs to the full accident-related repairs in line with the quote supplied by the repairer.*
- *Cover any storage charges that may have been incurred in connection with this claim, subject to proof.*
- *Pay a further £600 to Mrs W for the distress and inconvenience I have identified above.*

Replies and developments

Both sides responded to the provisional decision. Mrs W said she accepted the position outlined and Admiral just asked for clarification around the level of compensation proposed as it had already paid compensation in relation to loss of use and stress and inconvenience throughout the claim.

Following Admiral's further representations, it was clarified that Admiral had paid a fair degree of compensation already in relation to the poor service provided regarding this claim and the errors made. And so, it was agreed with Mrs W that Admiral can deduct any compensation it had already paid her from the £600 compensation figure outlined in the provisional 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.

As both sides seem to accept the general position outlined I don't propose to rehearse the arguments again here or go over the finer detail. Having considered all the evidence, including the further representations made, I agree with the position outlined in the provisional decision. And given the additional information provided by both sides in relation to the level of compensation Admiral has already paid to Mrs W I agree that it would be fair to deduct any payment it has already paid from the compensation level awarded in the provisional decision (£600 total).

Given all of this, I agree that the fair and reasonable thing to do, in the particular circumstances of this case, is for Admiral to take the steps outlined below.

Putting things right

I require Admiral to:

- Increase the cash in lieu payment to Mrs W from the cost of the standard repairs to the full accident-related repairs in line with the quote supplied by the repairer as outlined in the provisional decision.
- Cover any storage charges that may have been incurred in connection with this claim, subject to proof as outlined in the provisional decision.
- Pay £600 to Mrs W for the distress and inconvenience she experienced, and Admiral can deduct any previous compensation it had already paid (as agreed with Mrs W since the provisional decision).

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to take the steps outlined under putting things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 5 June 2024.

Colin Keegan
Ombudsman