

## **The complaint**

Mr W has complained about Admiral Insurance (Gibraltar) Limited's decision to cancel his policy and decline his claim by relying on its fraud exclusion.

## **What happened**

Mr W bought a car insurance policy with Admiral to start in February 2023.

In May 2023 Mr W reported that his car had been stolen.

Admiral investigated the claim and declined it. Admiral said there had been a deliberate attempt to mislead it over the events of the theft and the purchase of the car. It applied its fraud exclusion as well as general conditions when dealing with a claim and providing information.

Admiral said it would keep the premium paid and would look to recover the costs of the claim from Mr W.

Mr W asked us to look at his complaint. Our Investigator thought Admiral was entitled to cancel Mr W's policy and cite its fraud exclusion and general terms under the policy for doing so. Although Admiral set out that it would recover claim costs in these circumstances, the Investigator didn't think Admiral should look to recover the claim costs from Mr W. This was because he found none of the costs were above an insurer's usual costs for investigating claims. So in line with our approach, he recommended Admiral didn't look to recover claim costs from Mr W.

Both parties disagreed with the Investigator's view.

Admiral says it made it clear under its policy terms and conditions that it could look to recover the costs of a claim in these circumstances. So it doesn't agree this part of the complaint should be upheld.

Mr W disagreed and provided a copy of an email response he sent to Admiral when it declined his claim. He says this shows his clarification of some of the inaccuracies in Admiral's letter.

So as both parties disagree, the case has been passed 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 isn't for us to decide whether a policyholder has acted fraudulently or not. Instead, I need to decide if Admiral acted reasonably in raising the fraud condition and taking the action it has. So I've looked at the policy, what Admiral has taken into account, and whether I think this was fair.

Admiral's policy says;

*“General Condition 9: Fraud and misrepresentation*

*You must always answer our questions honestly and provide true and accurate information. If you, or any other insured person or anyone acting on your behalf:*

- *provides us with false, exaggerated or misrepresented information.*
- *submits false, altered, forged or stolen documents.*

*We will take one or more of the following actions:*

- *amend your policy to show the correct information and apply any change in premium.*
- *cancel your policy, under certain circumstances this may be with immediate effect.*
- *declare your policy void.*
- *refuse to pay your claim or only pay part of your claim.*
- *only pay a proportion of your claim.*
- *keep the premium you have paid.*
- *recover any costs incurred from you or any other insured person.*

*If we identify any fraud or misrepresentation, we will cancel or void any other EUI policies you are connected with.*

The Privacy Statement confirms, *“If false or inaccurate information is provided and fraud is identified details will be passed to fraud prevention agencies”.*

And

*General Condition 2: Claims procedure*

*If you or your vehicle are involved in any type of incident, regardless of fault, you must:*

- *tell us about it within 48 hours.*
- *immediately report any incident involving malicious damage, theft or deliberate fire to the police and:*
- *support them in their investigation and any prosecution against the person responsible give us a Crime Reference Number within 24 hours, that relates to the incident you are reporting.*
- *give us all the information and documentation that we consider necessary to deal with your claim and policy. Please read in conjunction with General condition 17.*
- *send us any court documentation you receive in connection with the incident as soon as you receive it, including any claim form, writ, summons or bill.*
- *tell us at once if you are charged with an offence or get any notice of prosecution, inquest or fatal enquiry.*
- *give us a witness statement when requested.*

*co-operate with our investigation.*

*Failure to comply with the above could result in the claim being refused and/or your policy being cancelled.*

And

*General Condition 17: Requests for information*

*You must respond to all requests for documentation during your period of insurance and during the administration of a claim.*

*You may be asked to provide:*

- *documents to confirm the details on your Motor Proposal Confirmation*
- *documents, data and other media relating to your vehicle or claim.*
- *financial statements and utility bills.*
- *Receipts and invoices.*
- *documents, data and other records to validate your claim.*
- *Driving Licence information.*
- *proof of your No Claims Bonus.*
- *travel documents.*
- *proof of alternative insurance.*

*Failure to supply this information when requested will result in your claim being refused and/or your policy being cancelled.”*

So I think Admiral clearly set out its terms and conditions when Mr W bought his policy.

I don't intend to list each point raised by both parties in my decision, but I have carefully considered all of the information provided. And having done so, I think Admiral reached its decision reasonably and in line with the policy. It didn't receive sufficient information - or received inconsistent information from Mr W to enable it to properly investigate the claim.

Key information being: proof of the purchase of the car, the location of the keys, the ability to obtain reasonable information from the person who was in charge of the main key and therefore the safeguarding of the car while Mr W was out of the country. Other key information was the findings of the investigator appointed by Admiral to interview Mr W and comments from the police in relation to the reporting of the theft.

I understand Mr W doesn't agree with Admiral or the comments within the police report. But I think Admiral gave Mr W opportunities to provide further evidence to support why, which he didn't provide.

So, putting all of its concerns together, I don't think it was unreasonable for Admiral to decide the fraud condition of the policy had been breached. And having reached that conclusion, I don't think Admiral acted unreasonably in rejecting Mr W's theft claim.

Admiral intends to look to recover its claim costs from Mr W, in line with what the policy terms. When a customer buys an insurance policy, the costs of that policy include the costs of investigating claims. Where an insurer has shown that the claim costs were above what it would otherwise cost to investigate a non-fraudulent claim, we won't interfere with its decision to recover those costs from a customer. However, in this case, I haven't seen any persuasive evidence that any of the claim costs incurred were more than it would incur for investigating a non-fraudulent claim.

So I don't think Admiral should look to recover these costs from Mr W.

Mr W says Admiral caused undue delay in investigating his claim. But I think Admiral carried out enquiries based on its concerns to establish if an insured event had occurred. I haven't found evidence Admiral caused undue delay here.

### **My final decision**

My final decision is that I uphold this complaint in part. I require Admiral Insurance (Gibraltar) Limited not to look to recover its claim costs from Mr W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 July 2024.

Geraldine Newbold  
**Ombudsman**