

The complaint

Mr P was unhappy with the cash settlement offered by Admiral Insurance (Gibraltar) Limited (“Admiral”) for his written off car under his motor insurance policy. Mr P felt there were shortcomings with how his claim was managed and progressed.

What happened

Mr P made a claim to Admiral following an accident which damaged his car. Mr P couldn’t contact Admiral over the phone, so followed its online process to report the damage. Mr P felt the online process limited his ability to properly explain the damage that had occurred.

Admiral immediately told Mr P his car was a write-off. Mr P challenged this, so Admiral asked him to get a quote to repair the vehicle from a reputable garage. Mr P duly obliged and provided Admiral with a quote for around £3,500. The garage informed Mr P his car had suffered no structural damage and was safe to continue driving.

After chasing Admiral, Mr P was asked to provide photos of the car. Admiral was unwilling to inspect the vehicle. Admiral didn’t offer the opportunity for Mr P to use Admiral’s own preferred contractors to carry out the required repairs. After a few more days, Mr P chased again and Admiral informed Mr P it didn’t sanction the repair of his vehicle and was told it had been written off.

Admiral offered a cash settlement for the written off car of £9,550 less his excess of £250. Mr P wasn’t given the opportunity to buy his vehicle back from Admiral. Shortly after he’d discussed how much it would cost him, Mr P received an email from Admiral telling him his insurance had been invoked and he couldn’t drive his car as it had structural damage. Mr P was told if the car was stolen it would be at his risk. Admiral did pay Mr P £175 for the distress and inconvenience its poor communication caused, in addition interest of £34.26 for the delay in paying Mr P his settlement.

Without any communication from Admiral, a third party contacted Mr P to arrange collection of his vehicle for scrappage. After been unable to secure a higher settlement from Admiral, Mr P arranged collection. Mr P was disappointed he had to stay at home all day for the collection slot.

Mr P was unhappy with the valuation of his car and didn’t think the process Admiral followed was fair. He later found out his car was auctioned with no signs of structural damage.

Our investigator decided to uphold the complaint. He thought Admiral had been unfair in its valuation of the car, so asked Admiral to pay an additional settlement of £1,861.50. He added 8% simple interest per annum from the date of the settlement to the date it is paid. He thought Admiral's bad valuation, led it down a path of poor decision making, which led to significant distress and inconvenience for Mr P, so he awarded £500 in compensation. He thought Mr P should've benefitted from a courtesy car. As he didn't, he thought Admiral should reimburse any travel costs Mr P incurred in the period up to settlement. Admiral disagreed, so the case has been referred to an ombudsman.

What I've decided – and why

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Following our investigator's view, Admiral has accepted it didn't fairly value Mr P's car when settling the claim. Both parties have accepted the valuation our investigator recommended based upon the market information our service holds. Therefore, there is little value in me considering this point further.

I uphold the investigator's recommendation for settlement and in doing so, I uphold this complaint. I require Admiral to pay a further £1,861.50 for settlement. As Mr P has been without this money, I'm adding interest at 8% per annum (simple) from the date of the original settlement to the date this additional settlement payment is paid.

Mr P was unhappy with how his claim was managed and progressed. Admiral has maintained it managed the claim fairly. It said it relied on the evidence provided by experts and operated within its terms and conditions.

I have considered the points Admiral has made in its justification of the process it followed. I've considered the terms and conditions. Page 11 of the booklet states

"We will decide how to settle your claim and will either pay:

- to repair your vehicle

- a cash sum to replace the damaged vehicle".

Admiral has done what its policy states and paid a cash sum to replace the damaged vehicle. However, my role is to validate whether it has done this by following a reasonable process. I don't think it has, so I uphold this aspect of the complaint. I'll explain why.

Insurers and their representatives are experts at handling and managing claims. It's what they do. Whereas consumers have limited knowledge of the process, as they will only encounter a claim infrequently. Therefore, I expect Admiral (or its representatives) to use its expertise and manage the claim fairly and reasonably. I don't think it has. If it had, I think it would've reached a different outcome with this claim.

Firstly, I can see Mr P had to chase Admiral on several occasions. This is normally evidence that the party managing the claim wasn't communicating with the insured effectively and guiding, in this claim, Mr P through the process.

I think Admiral's decision in writing off the car was hasty. I appreciate the terms and

conditions set out that Admiral can do this. However, given what happened, I'm not convinced this was the reasonable outcome (or the optimal outcome) for either party. I think in getting the valuation of the car wrong, it impacted Admiral's decision to write off the car.

Mr P could've got the repairs done for a cost representing 30% of the vehicle's value. So, I don't think Admiral would've reached the decision to write-off the car if it used these facts. I don't think it would be normal for any insurer in these circumstances to reach this decision.

I appreciate Admiral has said its engineers reviewed photos and thought the repair costs could escalate. However, I find Admiral's approach lacking. Mr P couldn't submit accurate information about his claim right from the start. He had to "fudge" his entry to get it through the online system. Admiral's initial assessment couldn't be accurate as it wasn't based on detailed facts. Admiral appears to have ignored the quote Mr P attained, from a reputable garage who physically inspected the vehicle. Instead, Admiral based its assessment on its own engineer's evaluation of some photos and an assumption the damage may have been worse than it looked in the photos.

It turns out the damage wasn't worse than it looked – as the car was auctioned later with no signs of structural damage. Which is consistent with what the reputable garage had told Mr P.

So, whilst I appreciate Admiral can settle the claim as it chooses, I think it's only fair it does so based on a robust process and facts. For the reasons set out, I think it has reached the wrong conclusion, based upon the minimal investigations carried out. So, I think if a more thorough process was followed, the car wouldn't have been written off and Mr P would've been able to keep his car.

As such Mr P would've also been entitled to a courtesy car. Therefore, I require Admiral to honour this by reimbursing any travel costs Mr P incurred during the period of the claim, which are reasonably evidenced (E.g., receipts, bank statements, evidence of travel etc).

I think Mr P has been significantly inconvenienced – he's got to go and procure a new car. The inefficient process has inconvenienced him, and I think the whole circumstances will have caused a significant amount of distress. He didn't have the convenience of a courtesy car. Therefore, for all Admiral's faults I require it to pay Mr P £500 in compensation. I think this is fair.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to:

- Pay an increased cash settlement for the car of £1,861.50, plus interest* at 8% per annum (simple) from the date of the original settlement to the date this additional settlement payment is made. The original settlement should also be paid if it hasn't already.
- Reimburse any travel costs Mr P incurred during the period of the claim, which are reasonably evidenced (E.g., receipts, bank statements, evidence of travel etc).
- £500** compensation – for distress and inconvenience.

*HM Revenue and Customs requires Admiral Insurance (Gibraltar) Limited to take off tax from this interest. Admiral must give a certificate showing how much tax it's taken off if Mr P asks for one.

** Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it that Mr P accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 August 2024.

Pete Averill
Ombudsman