

## **The complaint**

Mr K has complained about his previous car insurer Admiral Insurance (Gibraltar) Limited because having agreed to not renew his policy, it did renew it, taking over £1,000 from his account just before Christmas.

## **What happened**

Mr K had decided to change his insurer at the next renewal. He contacted Admiral. It assured him the policy would not renew, and he received written confirmation of this. He arranged cover with a new insurer.

On 16 December 2023 the Admiral policy did renew. The following day Mr K found Admiral had taken £1,130 from his bank account. This caused him to go overdrawn and he suddenly had no money for Christmas presents or holiday food. This caused him an immense amount of worry, bringing him to tears and causing him to have to borrow from family.

When he spoke to Admiral it said there had been an error, which it would resolve, including refunding the money. Admiral rectified the policy and refunded the money within a couple of days – but it didn't arrive in Mr K's bank until 24 December 2023. Admiral apologised to Mr K, paying him compensation and interest of £60. It felt that was fair.

Mr K felt that wasn't sufficient and ultimately complained to the Financial Ombudsman Service. When Admiral was notified it said, having reviewed matters, it accepted £60 had not truly reflected the impact on Mr K of its error. It said it would pay a further £200. Our Investigator felt that was fair in the circumstances and explained so to Mr K.

In reply Mr K noted that whilst Admiral had said this was 'human error', he didn't think that explained how this could have happened, or acknowledged that he had to fix it. He said he was worried it was happening to other people too. He emphasized how this had affected him and said he was worried about how his credit record had been affected.

Our Investigator reviewed matters. She noted Admiral had made a mistake and apologised. She felt the compensation offered by Admiral was fair and reasonable.

Mr K asked for the complaint to be referred for 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.

It's clear to me, and Admiral has admitted, that it made an error here. Seemingly a staff member, whilst communicating with Mr K, confirming the policy would not renew, somehow rescinded the cancellation task on the system. It isn't clear how that could happen or how that could happen and not be picked up by others. But this error caused Mr K to believe his

policy would not renew, that Admiral would not take a premium payment from him, when that was not the case at all – rescinding the cancellation meant the policy would renew and money – over a thousand pounds – would be taken. I completely understand that an error like that would have an impact on most policyholders.

I can see that, for Mr K, in the specific circumstances that arose here, the impact he felt was more than just minimal aggravation, and it was only upon him contacting Admiral that it noted the error. The time of year was not Admiral's fault – but it meant the impact of its error was more significant for Mr K. I understand and accept he was caused worry, as well as embarrassment as he had to speak to his family for help. I appreciate that this affected his well-being. I think Mr K was correct when he told Admiral that its offer of £60 was not sufficient to reflect the gravity of the situation it had caused.

Admiral though, after the complaint was referred to this Service, did accept Mr K's view in that respect. It's unfortunate that it took Mr K having to complain to us for Admiral to have heard his plea and make a reasonable offer of compensation. But I think it's good that it did review things and I do believe its further offer is a genuine attempt by it to recognise what it put Mr K through.

When a business offers compensation, or when we award it, the amount is not designed to be punitive. It is not designed to stop an insurer from making errors again in the future either. The amount is meant to reflect the upset the affected individual suffered. We look at each situation on its own merits, as two individuals may be affected by an error very differently.

In this situation, which resulted from a single error by Admiral, Mr K was caused stress, which was more acute because of the time of year and Mr K's finances, and it took around a week for the situation to be corrected. Whilst the erroneously taken money was back with Mr K before Christmas, I don't doubt his plans were affected and I accept that the shadow of what happened lingered over the holiday. I think the further compensation offered by Admiral of £200, when added to the £60 already paid for compensation and interest, is fair and reasonable. I'll make an award in that respect.

I haven't seen that this affected Mr K's credit history. But he does have the letter from Admiral in which it accepts it took the money from Mr K in error. He will also have this decision which again shows Admiral made an error in taking those funds.

### **Putting things right**

I require Admiral to pay Mr K a further £200 compensation. This in addition to the £60 previously paid (and separately to any other sums of compensation it has otherwise paid). If the £60 has not been paid, it should be paid as well. My total award is £260.

### **My final decision**

I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 25 July 2024.

Fiona Robinson  
**Ombudsman**

