

The complaint

Mrs B and Mr B complain about the amount Admiral Insurance (Gibraltar) Limited paid to settle another driver's claim on their motor insurance policy. Mr B is a named driver on his wife Mrs B's policy.

What happened

Mr B scratched another driver's car whilst parking. The other driver made a claim to Admiral, and it settled the other driver's claim for damage which caused the car to be a total loss and it paid a claim for hire. Mr B said this was too much for a small scratch. He said the other car had pre-existing damage. He thought Admiral should have investigated the claim more fully before settling it.

Our Investigator didn't recommend that the complaint should be upheld. He thought Admiral was entitled by the policy's terms and conditions to settle the claim as it saw fit. There was no dispute that Mr B had scratched the other car, but no images were taken at the scene. So he thought Admiral had reasonably reviewed and settled the claim to avoid further costs.

Mr B replied that he thought the claim was exaggerated. He provided photographs of the location of the incident and the damage to his car. He also provided evidence of his likely repair costs. Mr B asked for an Ombudsman's review, so the complaint has come to me for a final 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.

I can understand that Mrs B and Mr B feel frustrated that a small scratch caused to the other car has led to a fault claim on their records and an increase in their premiums. I have no doubt that they are safe and lawful drivers. And I was sorry to hear about the stress and worry this matter has caused them.

The Investigator has already explained that our role in complaints of this nature is simply to investigate how the insurer made the decision to settle the claim. Did it act fairly and reasonably and in line with the terms and conditions of the policy? And has it treated Mrs B the same as someone else in her position.

Admiral is entitled under the terms and conditions of its policy with Mrs B to take over, defend, or settle a claim as it sees fit. Mrs B has to follow its advice in connection with the settlement of a claim, whether she agrees with the outcome or not. This is a common term in motor insurance policies, and I do not find it unusual.

Insurers are entitled to take a commercial decision about whether it is reasonable to contest a third party claim or better to compromise.

That said, we expect an insurer to reasonably investigate a claim and consider the evidence available before making its decision on how to settle a claim.

Mr B reported the incident to Admiral and so there's no dispute that he caused a scratch on the other driver's car. The other driver made a claim which Admiral paid, so this led to a fault

claim on Mr B's record. This is standard industry practice and Admiral has a duty to record accurate information about a driver's driving history. So I can't say that this was wrong. A fault would be recorded even if the claim costs had been much less than they were.

Mr B didn't take any images at the scene and the other driver didn't provide these to Admiral. So Admiral had to rely on the costs provided by the other driver's insurer to assess the cost of the claim. It said this seemed reasonable given the age of the other car and the need to provide hire whilst the claim was dealt with. It later reviewed these again and confirmed they were reasonable.

Mr B asked to be provided with reports justifying the costs. But I can't say that Admiral is required to provide them as they belong to the other driver, and it wouldn't be able to share them under data protection laws even if it had them.

Mr B thought a small scratch on the other car shouldn't lead to it being a total loss. But the repair costs for a small scratch can sometimes outweigh the value of a low value car and make it beyond economical repair. So I can't say that Admiral should have contested this further.

So I'm satisfied that Admiral was entitled by the policy's terms and conditions to accept liability for the incident and settle the other driver's claim. I'm satisfied that it reasonably considered the claim costs and decided not to challenge them, as it's entitled to do. I think it correctly recorded the claim as a fault. And so I'm satisfied that Admiral acted fairly and reasonably and in keeping with the policy's terms and conditions. So I can't say that it needs to do anything further.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

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

Phillip Berechree
Ombudsman