

The complaint

Miss B (represented by Mr B) complains that Admiral Insurance (Gibraltar) Limited (Admiral) refused her motor insurance after an accident which wasn't her fault.

What happened

Miss B had an accident which she says wasn't her fault. She didn't claim on her insurance and the other driver accepted liability.

Later when Miss B was looking for motor insurance again, Admiral refused to cover her. She says her premiums with other insurers have increased significantly because of this.

Miss B wasn't happy about this and complained to Admiral. Admiral accepted that at one point it gave Miss B incorrect information about how it treats fault and non-fault claims, and apologised for this. However Admiral said refusing to insure Miss B was in line with its underwriting criteria.

Miss B wasn't happy with Admiral's response and complained to this service. Our investigator partially upheld her complaint. He said Admiral misinformed Miss B regarding how it rates fault and non-fault claims and has acknowledged this error and apologised. He said Admiral should pay Miss B £50 to recognise this as the misinformation gave Miss B a false sense of expectation, which may have caused her anxiety.

But the investigator said that having looked at Admiral's underwriting criteria he couldn't say Admiral specifically discriminated Miss B as a person or treated her differently or less favourably than another person in the same circumstance. So he didn't uphold that part of the complaint.

Admiral agreed but Miss B didn't so the complaint has been passed to me. Miss B wants Admiral to offer her cover as if the accident hadn't occurred.

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'm upholding Miss B's complaint in part. I'll explain why.

Admiral didn't clearly explain to Miss B that it didn't provide cover to young drivers if they had had any accidents, regardless of fault. So Admiral did give her incorrect information about this point. However Admiral's underwriting criteria did mean that it didn't offer cover in these circumstances.

Underwriting is a risk assessment and underwriters will weigh up various factors to decide whether to offer a policy. There's lots of different ways of making that assessment. There's no 'correct' way of doing it. Each insurer will take its own view on how to underwrite. It will decide what factors to take into account and how much weight to put on each of them.

Different insurers have different appetites for risk. Some are more cautious and that may mean they price more highly on average than other insurers. Or they may choose not to offer policies at all in circumstances where other insurers are willing to offer a low premium. This is a choice for each insurer to make and it's entitled to be as risk taking or risk averse as it sees fit.

The Financial Conduct Authority doesn't regulate on the prices insurers charge or the methods an insurer might use to calculate a price or to decide whether to offer cover. So this service won't usually make any judgements about the way an insurer chooses to assess risk or the risk assessments it makes, and it's not our role to tell an insurer what its underwriting criteria should be.

But if one consumer has been treated differently from the way other consumers would be in the same circumstances, that's unlikely to be fair. So we'll consider whether a consumer has been treated consistently with the insurer's general approach to pricing and risk.

Underwriting information is commercially sensitive and we don't think it's reasonable for us to disclose it. However I've seen and considered the evidence Admiral provided and although I can't share it I think Admiral have demonstrated that they would apply the same criteria to all drivers in Miss B's situation. I think that Admiral treated Miss B fairly and consistently with other consumers when it refused to offer her cover. So I won't be asking Admiral to change its decision.

However Admiral did give Miss B some incorrect information and I think it should compensate her for this. I'm pleased that Admiral agreed with the investigator's suggestion that it should pay her £50, but I understand it hasn't paid this yet as Miss B didn't agree. So I think Admiral should pay it now.

My final decision

For the reasons given above I partially uphold Miss B's complaint in relation to the incorrect information she was given. I don't uphold her complaint that Admiral treated her unfairly in refusing cover. I require Admiral Insurance (Gibraltar) Limited to pay Miss B £50 to recognise the incorrect information it gave her, which may have given her a false sense of expectation and caused her anxiety.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 5 November 2024.

Sarah Baalham
Ombudsman