

The complaint

Mr H has complained about his previous car insurer Admiral Insurance (Gibraltar) Limited. He believes it mis-sold him cover.

What happened

Mr H had a multicover policy with Admiral for a property and a car. The car “C” was involved in an accident that was Mr H’s fault, with it subsequently being declared a total loss. Mr H understood that, as a result of the claim, he would lose his two years accrued no claims bonus (NCB).

After that claim was settled, Mr H was looking to replace C with another car. He’d found another car “S” and spoke to Admiral in April 2023 to see how much it would charge to insure S. Several calls took place in relation to this. During the last call, before cover was arranged, Mr H was told that were S was added to the existing cover for the remainder of the policy term, which ended in November 2023, he might get a year’s no claims bonus at the end – as long as S wasn’t involved in any claims. Mr H asked for clarification of whether he would get a year NCB by putting the car on cover from April to November, he was told ‘yes’.

In November 2023 Mr H’s renewal documents showed zero years NCB. Having made enquiries he was told that he’d been misadvised in April – and that he should have been told that the total loss claim on C meant that he was not entitled to a years NCB. Mr H referred to the quote he’d been sent for adding S to the cover (C having been removed) which said that one of the benefits of multicover was: “Full Year’s No Claims Bonus for any car on cover for more than three months that remains claims free”.

Admiral, in a final response letter, said it hadn’t ‘mis-sold’ a policy to Mr H, because S had just been added to the existing cover. But it accepted it had misadvised him about getting any NCB because S would be on cover for more than 90 days. It said it would pay £75 compensation

Mr H wasn’t happy with that and complained to the Financial Ombudsman Service. He said Admiral’s misleading information had cost him around £1,000, when considering what he had paid to it in premiums and what he’d have to pay to a new insurer with zero years NCB rather than one year as Admiral had promised. He said it should return the premium that he had paid to it, because he only paid it because of the misleading information. And he thought it should give him the promised one year’s NCB.

Our Investigator ultimately felt she couldn’t uphold the complaint. She wasn’t persuaded that Mr H, if he had been advised correctly regarding the NCB, wouldn’t have proceeded with the Admiral cover or that he would have found cheaper cover elsewhere. She accepted that Mr H had suffered a loss of expectation. But she felt that Admiral’s £75 compensation fairly and reasonably made up for that.

Mr H was unhappy. He said that Admiral, saying any car would get a full year’s NCB (as in the quote set out above) was a blatant misrepresentation of the truth. He said honouring the promised one year’s NCB was “the most practical solution”.

The complaint was 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.

Having done so I find I agree with the position ultimately reached by our Investigator. I've explained my views on the complaint below.

I think it's fair to say that, in the scenario of a new car being added to an existing policy, where that policy has more than three months left to run – the wording used by Admiral, when viewed in isolation, does appear to be misleading. But it is not the role of this Service to punish an insurer for unfair behaviour, or indeed to make an insurer change the way it does business. Rather I have to look at the individual complaint at hand and see what impact that misleading information had on the policyholder, in this case, Mr H.

What that means in practice is that where a policyholder is misled by an insurer – whether that is by something which is communicated in writing or verbally, I have to think about what would have happened but for that misleading advice. Only if the misleading advice caused a loss to the policyholder would I look to make the insurer do something to make up for that.

I know Mr H has said that he only continued with the Admiral policy because of the promise of one year's NCB. But I'm not sure I'm persuaded that is the case – I bear in mind that not continuing with the cover would have left Mr H open to having to pay any remaining premium for the cover for C – because Admiral had paid his total loss claim. In any event, I think that Mr H would only have looked to take cover elsewhere if the premium on offer was competitive when compared to what Admiral was charging to add S on to the policy. I haven't seen any quotes that suggest that is the case. Therefore, even if I accept that if Mr H were told the correct NCB position in April 2023 he wouldn't have wanted to proceed with the Admiral cover and would have shopped around for alternative cover, I haven't seen that he had a specific, tangible, monetary loss. That is because I've not been persuaded he would have been able to benefit from a lower priced policy. I can't reasonably make Admiral compensate Mr H for a loss he hasn't shown that he has had. And I can't reasonably make it give him a year's NCB which he was never entitled to.

That said I accept that when the Admiral policy came up for renewal, Mr H suffered some frustration because he then saw that it was priced based on zero years NCB which was in contrast to what he'd been led to believe would be the case. He was then dismayed and annoyed when Admiral told him that he'd received incorrect information before and that 'zero years' was the correct position for him to be in. For that upset, reasonably termed as a loss of expectation, I think the £75 paid by Admiral is fair and reasonable compensation. I'm of the view that this payment fairly and reasonably makes up for the impact which I've found Admiral's failure had on Mr H.

My final decision

For the reasons set out above, I don't require Admiral Insurance (Gibraltar) Limited to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 September 2024.

Fiona Robinson
Ombudsman