

The complaint

Mr S complains that Admiral Insurance Company Limited salvaged his van after it agreed to first obtain an independent assessment (IA) report on whether the van could be repaired. Mr S wanted to buy the van back to carry out repairs if it was economical and safe to do so.

What happened

Mr S made a claim to his insurer, Admiral for damage to his van following an incident.

Admiral said it would deal with the claim by paying Mr S a total loss settlement. Mr S wanted the option to buy back the van, so Admiral agreed to obtain an IA report on whether this was possible.

Admiral received the report on 3 August 2023. But it didn't update Mr S and sent him a total loss settlement sum. When Mr S discovered Admiral had salvaged his van and paid him a total loss settlement, he complained to Admiral.

Admiral upheld Mr S's complaint. For the distress and inconvenience caused by its failure to contact him when it received the report, it paid him £250 compensation.

Our Investigator thought Admiral should also consider loss of earnings for Mr S for the duration Admiral had the report and Mr S receiving the total loss settlement. She said Mr S had been prevented from buying an alternative van to work during this time.

Admiral didn't agree to meet a loss of earnings claim. When it replied to Mr S's complaint, it asked him to provide evidence to support any further losses. It says this was reasonable. As Mr S was in a hire van until after the date it paid a total loss settlement to him, it didn't agree to consider loss of earnings.

Admiral made an alternative offer to pay a higher compensation award of £500 instead.

The Investigator said she thought it was fair for Admiral to consider loss of earnings from the date it received the report – because Mr S had made it clear he wanted to buy the van back. So the outcome of the report affected Mr S's decision to either pay for repairs or buy an alternative van with the total loss settlement. And because of Admiral's delay, this decision couldn't be made until October 2023.

Admiral said Mr S could have chased between August and October 2023. But the Investigator said it wasn't for him to do so and he couldn't have known Admiral had the report. The error was Admiral's.

Mr S didn't accept Admiral's counter offer. He said his job as a delivery driver meant he couldn't work without a van. He said he called Admiral to chase several times and says he provided it with evidence of loss of earnings.

In a follow up view, the Investigator recommended Admiral pay the increased compensation award of £500 and pay Mr S's claim for loss of earnings, subject to proof, with interest.

Admiral didn't agree and so the case has been passed to me to decide.

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.

There's no dispute that Admiral failed to contact Mr S to tell him the outcome of the IA report. The report showed that Mr S's van was repairable if he wished to do so. Admiral's decision to write off his van was because it was uneconomical for them to repair it.

The remaining dispute is whether Admiral should consider a claim from Mr S for loss of earnings. I understand Admiral says Mr S could have chased it between August 2023 and October 2023. Mr S has provided his phone records which he says shows he chased Admiral. We are passing Mr S's evidence to Admiral to consider.

I think - had Admiral promptly informed Mr S of the outcome of the report from 3 August 2023 - he would have been able to decide whether to keep the van for repairs or buy a replacement van two months earlier. So in this case I think it's reasonable for Admiral to consider Mr S's claim – under the remaining terms and conditions of cover under the policy.

Mr S will need to provide reasonable proof of his losses to Admiral.

For the distress and inconvenience caused by Admiral's delay in updating Mr S – I think a fair compensation award is £500. I think this is reasonable irrespective of the outcome in relation to any loss of earnings claim Mr S makes. I think Mr S was understandably very upset when he discovered his van had been salvaged – and that it was repairable.

My final decision

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

- Increase the compensation award from £250 to £500 for the distress and inconvenience caused.
- Consider Mr S's claim for loss of earnings from the date it received the IA report or the date Mr S was no longer in a hire van, whichever is later, to the date it informed him his van was repairable.
- Pay interest on any award at a rate of 8% simple interest from the date of loss to the date Admiral pays.
- Mr S will need to provide reasonable proof of losses to Admiral, for it to consider under the remaining terms and conditions of cover under the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 December 2024.

Geraldine Newbold
Ombudsman