

The complaint

Mr C complains that Admiral Insurance (Gibraltar) Limited (“Admiral”) settled a third-party claim under his motor insurance policy despite him informing them he was in direct discussion with the third-party with a view to settling the repairs.

What happened

Mr C reported an incident to Admiral and explained that he was in discussion with the third-party direct with a view to seeing whether he could pay for the repairs to the third-party’s car, rather than going through Admiral to make a claim. Mr C says he was informed by a call handler and an agent on the webchat that the claim wouldn’t be progressed without his knowledge and could be closed as notification only. Mr C says he later found out that Admiral had processed a claim and had settled the repairs to the third-party’s car. Mr C complained and said he hadn’t been informed about the claim proceeding and that he’d been incorrectly transferred during a phone call without having his concerns addressed.

Admiral responded and accepted they’d made an error here and, although they explained they were entitled to deal with the third-party claim, they didn’t inform Mr C this had been settled. They also accepted that, during a conversation with Admiral, the call handler agreed to find out some information for Mr C but rather than provide this to Mr C, they transferred the call, without addressing Mr C’s query. In recognition of the impact caused, Admiral offered £100 compensation.

Mr C raised further points around his concern that Admiral had settled the third-party claim. He said he’d made it very clear he was in discussion with the third party to potentially pay for the damage outside of his insurance policy, but Admiral contacted the third party without Mr C’s request or consent. He said this prompted the third party into making a claim which they might not have otherwise. Mr C said it’s unacceptable for Admiral to access another customer’s details without their consent to then get them to make a claim against Mr C’s wishes. Mr C said, as a result of Admiral’s actions, his No-Claims Discount had been affected and his premiums will likely increase. Mr C said, Admiral were able to contact the third-party direct because they were also insured with them. He said they wouldn’t have been able to do this had the third party been insured with another insurer. He also said, at no point was he informed that, despite him not wanting to make a claim at that stage, Admiral could still contact a third party to discuss whether they wished to claim against Mr C’s policy.

Admiral responded further and explained how their portal works and said the online claims registration form completed by Mr C or the named driver contained details of the third-party vehicle registration, their first name and mobile number. They said, this is how they got hold of the third-party’s details to enable them to contact them direct.

In relation to dealing with the third-party claim, Admiral referred to various sections of the policy terms and conditions which they said allowed them to deal with the claim.

After considering all of the evidence, I issued a provisional decision on this complaint to Mr C and Admiral on 13 September 2024. In my provisional decision I said as follows:

“My role requires me to say how a complaint should be settled quickly and with minimal formality and so I’ll focus on what I consider to be the crux of the complaint and the main areas of dispute. I think it’s important to add, I won’t be commenting on every event during the claim and complaint process, instead I have taken a broad approach to the overall service provided.

I think it’s important for me to firstly address the compensation offered for the errors Admiral have identified. I can’t see there’s a dispute around this, but I have considered the impact of those errors on Mr C, and I think the £100 compensation offered is fair and reasonable.

My starting point is Mr C’s car insurance policy booklet. This sets out the terms and conditions and under a section headed ‘claims procedure’ it says, “If you or your vehicle are involved in any type of incident, regardless of fault, you must: tell us about it...” The policy does require Mr C to report any incident – and that’s what he did by completing an online form to notify Admiral of the incident. The policy terms and conditions go further and under a section headed ‘Defending or settling a claim’ it says, “We are entitled to: conduct the investigation, defence and settlement of any claim on your behalf.”

Mr C says he wasn’t informed the claim was proceeding. But I can see Admiral sent Mr C an email following his report which said, “We have reviewed the circumstances of the incident and we believe we will have to accept responsibility for it. This means we will deal with any Third Party claim accordingly. As a result of this incident, your No Claims Bonus has been reduced in accordance with the terms and conditions of your policy...While it is our intention to deal with the claim as quickly and efficient as possible, we are unable to provide an exact timeframe for settlement. We will write to you once we have settled the claim and are happy to keep you updated, should you wish for us to do so.”

So, I think Admiral did notify Mr C of their intention to investigate, and settle, the damage to the third-party’s car. And the policy terms and conditions allow them to take these steps. I do acknowledge Mr C is concerned Admiral took these steps without his authority but, as mentioned, the policy terms and conditions allow Admiral to make a decision on settling a claim, and this doesn’t require authority from the policyholder.

I acknowledge Mr C says he didn’t want to pursue a claim at the time he reported the incident, and the information shows it was Mr C’s intention to get an estimate before deciding whether to pursue a claim. And the notes of his call with Admiral on the day he reported the incident as well as his conversation with a webchat agent, support Mr C’s account. Admiral say they’re allowed to contact a third party who has been involved in an incident involving one of their insured vehicles. They say the third-party contact details were provided when Mr C reported the incident, and they used this to contact the third-party to offer their services.

I can see Mr C disputes providing any contact details for the third-party. Claim notes provided by Admiral show that Mr C provided the third-party registration details, and Admiral then used this to identify the third party was insured with them and were able to access their contact details this way. So, I agree with Mr C that he didn’t provide the third-party contact details. I acknowledge Mr C’s concern that Admiral proactively contacted the third party, and this prevented him from potentially resolving the damage directly with the third party and avoiding a fault claim being recorded on his policy. I understand Mr C is concerned as he feels he hasn’t been treated fairly as

Admiral wouldn't have been able to do this if the third party had been insured with another insurer.

I've thought carefully about Admiral's actions and there are a few points here which persuade me that Admiral haven't acted unfairly. Firstly, the policy terms and conditions allow Admiral to investigate a claim. I acknowledge Mr C explained he wanted to wait for estimates before deciding whether he wanted to claim, but I don't think this means Admiral shouldn't have carried out any investigation. After discovering the third party was also insured by them, I don't think it was unreasonable for Admiral to then contact the third party, as part of their investigation, to enquire about the damage to their car and whether they wanted to claim. I accept Mr C's point that, had Admiral not been the third party's insurer, then they wouldn't have had any contact details to enable them to call the third party. But in this case, when it became clear the third party was insured by them, I don't think it was unreasonable for Admiral, in their capacity of also being the third party's insurer, to contact their customer to say they'd been notified of damage to their car and to query whether they wanted to use their services. The third party's car was, after all, also one of Admiral's insured vehicles.

A further point I've taken into account is that the third party did choose to take up Admiral's offer to settle the repairs. I acknowledge Mr C says that he was working with the third party to get an estimate for the damage and planning to settle this directly rather than proceeding with a claim, so long as it wasn't too expensive. But I can't see the third party suggested to Admiral that they would prefer to settle the repairs directly with Mr C or wanted Admiral to hold off from arranging any repairs until their discussions with Mr C had concluded. So I can't say there is any evidence that persuades me that, had Admiral not contacted the third party direct, then the third party would've agreed to settle the repairs directly with Mr C. Given that the third party accepted Admiral's services without mentioning any ongoing discussions with Mr C, I'm more persuaded the third party's preferred option would've been to settle the repairs through Admiral.

That said, I do think there has been an error by Admiral here. The information shows, around a week after Admiral sent the email to Mr C notifying him of their intention to settle the claim and also arranged to settle the repairs with the third party, Mr C called them to discuss the incident. I've listened to this call and Mr C said he wasn't sure whether to pursue a claim and the call handler explained he would need to register it anyway, and Mr C could close the claim down later if he wanted to. Mr C explained the third-party was looking to get the damage assessed but hadn't done that yet. Mr C explained he was waiting for the third-party to come back with an estimate and if this wasn't too expensive then Mr C wouldn't likely claim.

Mr C said he was waiting for this first before deciding whether to go ahead with a claim. The call handler clarified whether Mr C was waiting for an estimate from the third-party's garage, and Mr C confirmed he was. The call handler asked Mr C to let Admiral know once he'd been updated and wanted to proceed with a claim. The call handler then explained they could close Mr C's side of the claim down and he could let them know later whether he wanted to claim, and they could reopen it.

At this point though, Admiral had already contacted the third party and agreed to settle the repairs. It's not clear why the call handler didn't refer to Admiral's previous email, but it's clear here Mr C was under the impression that his discussions with the third party were still progressing with a view to arranging and settling the repairs direct. Admiral though would've been aware from their own discussion with the third party that they would be settling the repairs. I think this was a missed opportunity for

Admiral to have brought to Mr C's attention that they'd already spoken with the third party and also to manage his expectations that his own discussions may not likely lead to the third party agreeing to settle the repairs direct. It's clear the lack of information provided by Admiral in this respect, led Mr C to continue to believe his own discussions with the third party were still progressing.

Taking this into account, I think there has been a further impact on Mr C which isn't reflected in the compensation offered by Admiral. So, in addition to the £100 already offered, Admiral should offer an additional £100 – bringing the total compensation paid for this complaint to £200.”

So, subject to any further comments from Mr C or Admiral, my provisional decision was that I was minded to uphold this complaint and require Admiral to pay compensation.

Following my provisional decision, Admiral have responded to say they have nothing further to add and agree with the compensation. Mr C hasn't responded.

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 see no reason to depart from my provisional decision. So, I've decided to uphold the complaint for the reasons set out in my provisional decision and copied above.

Putting things right

I've taken the view that Admiral have made errors in their handling of the claim made against Mr C's policy. So, in addition to the £100 already offered, Admiral should pay Mr C an additional £100 – bringing the total compensation paid for this complaint to £200.

My final decision

My final decision is that I uphold the complaint. Admiral Insurance (Gibraltar) Limited must take the steps in accordance with what I've said under "Putting things right" above.

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

Paviter Dhaddy
Ombudsman