

The complaint

Miss M complained that her claim took a long time to progress which caused her to incur additional costs. Miss M was insured by Admiral Insurance (Gibraltar) Limited ("Admiral") under a motor policy. Miss M had representation during the claim, but for ease and simplicity, I'll only refer to Miss M.

What happened

Miss M suffered damage to her car following a collision with an animal whilst driving. Admiral and its representatives took possession of the car. It accepted the claim, but unfortunately it took around six or seven months before it was settled.

Miss M thought this was unreasonable, especially when she compared it to a different claim with similar circumstances where it only took a few days to be resolved. Miss M said Admiral's poor claims management was the main factor in the delays and provided comprehensive details of Admiral's errors and poor communication.

Miss M had to purchase a cheap second car to allow her to get around as Admiral dragged its feet in offering her a courtesy car or deciding to write the car off. Miss M wants to be reimbursed for her financial losses and wants compensation for the distress and inconvenience she's suffered.

Admiral acknowledged its failures. It paid Miss M a total of £570 in compensation and reimbursed her £138 that she paid herself for initial repairs at her local garage.

Our investigator decided to uphold the complaint. Although he thought the compensation paid by Admiral was reasonable for the circumstances of the claim, he felt Admiral should pay for the costs of insurance, tax and financing for the second car purchased. Neither Miss M nor Admiral agreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 19 September 2024. I said:

"Both Admiral and Miss M seem to be on the same page with what happened with this claim. Admiral has acknowledged its service was lower than it would've liked or expects from its representatives. The outstanding part of the complaint I'll focus on is whether Miss M was right to buy a second car and should be reimbursed for any financial loss she's suffered. And secondly, whether the compensation is sensible, given Miss M thinks she should be receiving "a minimum of £1,000".

I've considered whether it was appropriate Miss M buying a second car. The policy states "Our approved repairers...will...give you a courtesy car while your vehicle is being repaired". Miss M was offered a courtesy car around six weeks after the claim was made. I don't think this is acceptable. I appreciate the policy only covers a courtesy car if the insured car needs repairing. However, I think an insurer has a duty to make this decision as soon as possible so the insured isn't left in a position where they are stranded without alternative transport. I

would've expected Admiral to have either offered a courtesy car almost immediately, or decide it was writing off Miss M's car.

Miss M lives in a remote part of the country with limited transport. A family member also had difficulties with their own car at this time, so the family desperately needed to find a way to get around. Given the inflexibility by Admiral, Miss M made the decision to purchase a second car. She needed the car to carry out her job. It wasn't a decision taken lightly, as the money had to be borrowed from another person. I think Miss M would have found this extremely stressful at the time. Not having transport would've distressed her and possibly her family. She would have had worries about doing her job. Buying a second car seemed the only way out of this for her. I think it was a pragmatic solution. But, I think it would've been a serious inconvenience to her.

I've noted Miss M's car was eventually written off. So, having the second car proved to be the right choice. It mitigated her travel difficulties, but it did put the family under financial pressure. If Admiral had provided a courtesy car, it would've paid the costs of providing the car, along with any insurance, tax and financing costs.

After deciding to write the car off, there were difficulties agreeing the valuation. Whilst, it was agreed in the end, it further extended the length of the claim. I'm sympathetic to Miss M, she had a poor customer experience for six months. The claim took far too long and Admiral didn't help in her time of need. I think Admiral has caused the delays, so I intend to uphold this complaint.

With Miss M buying the second car, she had additional expenses in relation to it. So Miss M doesn't suffer financially, I require Admiral to reimburse any tax, insurance or financing costs related to that car (once Miss M has provided receipts or evidence of the costs). As Miss M has been without this money, I intend that Admiral add 8% interest per annum simple (from when the payments were made to the date the money is reimbursed).

I've thought about the outlay for the second car itself. I don't think it is fair to ask Admiral to contribute to this as it was an asset that Miss M chose to purchase, and she has benefitted from. However, due to the short timescale Miss M had to make the decision she was unable to do comprehensive research and was cornered into buying a car that turned out to be problematic due to the work that was required to get it through an MOT. It was ultimately scrapped for a minimal value. This will have caused considerable distress for Miss M.

I do think the claim should've been resolved much faster. Buying a second car has caused some financial loss to Miss M. So, I intend that Admiral pay interest of 8% per annum simple on the settlement it paid Miss M (from the date the claim was made to the date the settlement was paid). This is because Miss M has outlaid capital twice due to Admiral's error.

As Miss M didn't have access to her own car during the period of the claim and she was paying finance costs on the car, but not getting benefit from it. I intend that Admiral refund to Miss M any finance costs (interest element only) she incurred on her original car during the period of the claim (provided she evidences the expenditure). Any capital payments will be indirectly recovered through the cash settlement received.

Finally, I've considered the compensation paid by Admiral - £570. I've put right the financial loss Miss M suffered because of running a second car. I've discussed some of the other distress and inconvenience caused.

I think due to the poor handling of the complaint the level of disturbance has been significant and over a long time. The ramifications of rushing to buy a car has caused further problems

for Miss M further down the line. Admiral's slow closing down of the claim has led to issues taking out insurance on her new car. So, I don't think the compensation is fair. So, I think an award of £900 is more in line with our framework, so I intend that Admiral pay Miss M a further £330 for distress and inconvenience".

Responses to my provisional decision

Admiral responded to say it accepted the additional compensation set out in my provisional decision. However, Admiral didn't agree with my other findings.

It said "we do not feel that this is something we should be covering as it was the customer's decision to purchase this vehicle. The Ombudsman has also highlighted in their opinion and stated themselves: "I've thought about the outlay for the second car itself. I don't think it is fair to ask Admiral to contribute to this as it was an asset that Miss M chose to purchase, and she has benefitted from." Which should then also be applied to the finance and insurance aspects of this for the same reasonings. We therefore do not feel we should cover the costs associated with them purchasing this car".

Miss M didn't say whether she accepted or rejected my decision, but she has provided further details of some of the costs she has incurred.

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.

Admiral has rightly pointed out that I haven't asked it to reimburse Miss M for the purchase of the second car. However, Admiral doesn't it Admiral should pay any of the additional costs (e.g., insurance) associated with the second car.

I haven't heard anything from Admiral that persuades me to change my opinion. Miss M had still incurred costs on the first car, so in essence was incurring a second expenditure relating to the second car. I don't think this was fair, as Admiral caused the delays and left Miss M in a position of uncertainty and where she was incurring additional costs.

Miss M has provided me with further details of her costs. I have asked the investigator of the case to forward these to Admiral for review. However, the costs and compensation I have awarded haven't changed from my original decision. I haven't seen any further evidence to justify changing this. Admiral will need to validate what Miss M has shared before agreeing to reimburse her and it will need to speak with Miss M if there are any issues.

My final decision

My final decision is that I uphold this complaint. I require that Admiral Insurance (Gibraltar) Limited:

- Reimburse any tax, insurance or financing costs related to the second car purchased (once Miss M has provided receipts or evidence of the costs), plus 8% interest per annum simple (from the date of the expenditure to the date it is reimbursed)
- Pay interest of 8% per annum simple on the settlement it paid Miss M for the original car (from the date the claim was made to the date the settlement was paid)
- Refund to Miss M any finance costs (interest element only) she incurred on her original car during the period of the claim (provided she evidences the expenditure)

- Pay an additional £330 in compensation – for distress and inconvenience (so the total paid is £900).

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

Pete Averill
Ombudsman