

## **The complaint**

Mr D complains Admiral Insurance (Gibraltar) Limited (Admiral) unfairly declined to settle his claim on his motor insurance policy.

Admiral are the underwriters of this policy i.e. the insurer. Part of this complaint concerns the actions of the intermediary. As Admiral have accepted it is accountable for the actions of the intermediary, in my decision, any reference to Admiral includes the actions of the intermediary.

There are several parties and representatives of Admiral involved throughout the complaint but for the purposes of this complaint I'm only going to refer to Admiral.

## **What happened**

On 27 October 2023 Mr D drove through a large puddle and a swell of water was caused by a car coming in the opposite direction. His car engine cut out and when it was restarted a warning message appeared on the dashboard and the power steering did not work. The car went into limp mode, but he managed to get it home as he was nearby .

Mr D made a claim on his motor insurance policy.

Mr D said he was advised by Admiral that his car was to be a total loss. He bought a new car based on this information. After the car was inspected it said based on the forensic engineer's report there was no evidence of impact or water damage to his car. It said the damage was a result of a mechanical fault and it wasn't able to deal with his claim.

Admiral paid him £75 for delays with validating his claim.

Because Mr D was not happy with Admiral, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and said they were not persuaded that Admiral acted fairly in declining the claim and that the damage was caused by a mechanical fault. The evidence suggests the damage was caused by water. They said Admiral should settle the claim, the car should be deemed a total loss and it should pay Mr D the value of the car at the date of claim, plus 8% simple interest. They also said it should pay £750 compensation for the trouble and upset caused.

As Admiral is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

## **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.

### ***Claim***

I listened to the calls between Mr D and Admiral that were made from 28 October 2023 when he called to report the incident with his car, to 30 November 2023.

When Mr D initially contacted Admiral to discuss the incident he decided to progress with a claim. He called again two days later after receiving a message from the garage that Admiral had allocated to undertake repairs, which said it would not be able to undertake the repairs. Admiral explained that due to the severity of the damage it would need to go to the main dealer to be inspected and his claim investigated. During this call it initially said it was likely his car would be a total loss but then said it was possibly repairable.

The car was collected by Admiral's approved salvage/storage partner on 4 November 2023.

On 6 November 2023 Mr D rang up for an update on his claim. He told Admiral's agent the car had been collected and the agent then went through, in detail, the process of transferring ownership of the car to the salvage partner due to it being a total loss. The agent told him to obtain a finance settlement amount and also discussed putting his policy on hold until he obtained a new vehicle. The agent said he had checked Mr D's claim file and there did not appear to be anything outstanding and if he could submit the details Admiral required, it should be able to get a valuation out to him today. Admiral's agent said "*we are ready to go straight away*".

Mr D submitted the details of the finance settlement amount and completed the transfer of ownership process as requested by Admiral. Because a valuation was not received as advised, he made several more calls to Admiral and was advised a number of times that it was waiting for the claim to be *validated* and it said it could not give a timescale on how long this would take. It did not advise during these calls it was waiting for his car to be inspected.

On 30 November 2023 when Mr D called again for an update Admiral told him that his car had to be inspected to confirm the damage was consistent with the incident reported. Mr D was unhappy as he had already been told the car had been deemed a total loss and he had understood he was only waiting for the total loss settlement offer to be made. He asked if there was a possibility the car would be repaired, and it was confirmed that this may be the case. Admiral apologised but said it could not give a timescale for the inspection to take place.

Admiral made a mistake in telling Mr D it would be able to get a valuation out to him straight away. I do recognise Admiral did tell him when he called for updates after being told this, that it was waiting for his claim to be validated, but it was not clear what the outstanding validation was. I think it could have been much clearer and I understand because it had already confirmed the car was a total loss and it was ready to offer a valuation to Mr D, why he would think it was just validating the total loss settlement amount.

At the end of January 2024 Admiral told Mr D that based on an inspection, it was not going to settle his claim. This is approximately three months after telling him the car was a total loss and it was ready to give a valuation and settle any outstanding finance. I do not think this is reasonable.

I looked at the independent forensic report and I saw the car was inspected outside at the salvage yard where it had been stored outside. There was no facility to fully raise the car off the ground and examine it in a workshop environment. It said the engine ran fine when started and the dashboard highlighted a steering malfunction. The engineer acknowledges *further inspection would benefit from workshop facilities*.

Because this report is not conclusive I am not persuaded the issue with Mr D's car was in no way connected with water entering the mechanics after he went through the large puddle. I

do not think Admiral did enough to be certain the damage to the steering was not caused by water ingress from the incident reported.

Admiral should settle the claim as a total loss, that it agreed it would do in November 2023.

### **Financial loss**

I understand Mr D bought a new car during November 2023 and I recognise he did this based on Admiral telling him his damaged car was a total loss and that it was ready to offer him a valuation.

However I cannot fairly hold Admiral responsible for any financial arrangement he made because this is outside the terms of the policy. Any finance agreement remains Mr D's responsibility.

To conclude, due to both Admiral's error in telling Mr D that his car was a total loss, and it was ready to make a settlement on 6 November 2023, and because the engineers report is not conclusive, I am not persuaded it acted fairly in declining to settle his claim.

Therefore, I uphold Mr D's complaint and require Admiral to settle his claim as a total loss and pay him the market value of the car at the date of claim, adding 8% simple interest from 6 November 2023 which is when it told him the car was a total loss until the date it is paid. It should also pay £750 compensation for the delays, and trouble and upset caused. Less the £75 already paid.

### **My final decision**

For the reasons I have given I uphold this complaint.

I require Admiral Insurance (Gibraltar) Limited to

- Settle Mr D's claim as a total loss and pay him the market value of the car at the date of claim, adding 8% simple interest from 6 November 2023, which is when it told him the car was a total loss until the date it is paid.
- Pay Mr D £750 compensation for the delays, and trouble and upset caused. Less the £75 already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 November 2024.

Sally-Ann Harding  
**Ombudsman**