

The complaint

Mrs S and Miss S complain Admiral Insurance (Gibraltar) Limited (Admiral) provided incorrect advice when they made changes to their motor insurance policy.

What happened

Mrs S held multicover car insurance through Admiral. In July 2023 Mrs S contacted Admiral to add Miss S to the policy. During the call Mrs S informed Admiral Miss S held a provisional driving license. And she asked Admiral whether the premium would increase if Miss S changed to a full driving license during the period of cover. Admiral told Mrs S the policy price would remain the same. So, Mrs S added Miss S to the policy.

In February 2024, Mrs S called Admiral to let it know Miss S had passed her driving test and now held a full driving license. Admiral amended the policy and explained the premium would increase by around £840. Mrs S complained to Admiral. She referred to the call she had in July when she was told the annual premium would remain the same.

Admiral reviewed the complaint and acknowledged it had provided incorrect information to Mrs S when she bought the cover. So, it offered £200 in compensation for the trouble and upset it had caused her. But Admiral maintained its position that the premium increase was correct following the change in Miss S' circumstances. Mrs S and Miss S remained unhappy and referred the complaint to this Service.

Our Investigator didn't uphold the complaint. He thought the £200 offered by Admiral was fair compensation for the wrong information they gave. Mrs S and Miss S disagreed with our Investigator's view and asked for an Ombudsman to review the complaint.

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.

The policy terms say the policy holder has an on-going duty to inform Admiral if there's any changes to their circumstances after the policy starts. And the terms explain "*if **you** make changes to **your** policy, **you** may have to pay an additional premium...*" The policy then gives a number of examples of the types of changes a policy holder needs to inform Admiral about, including any change in driving license status.

I think the policy terms sufficiently set out what a policy holder needs to do when there's a change in driving license status – and this change can impact the price a customer has to pay towards the cover. So, I'm satisfied the terms allow Admiral to make changes to the policy.

In this instance, Admiral has explained drivers with a new full license pose a greater risk than provisional drivers who are accompanied, whilst driving, by another experienced full license holder. And this is why there was a change in the price of cover. I'm satisfied Admiral's assessment that a change in driving license status presents a higher risk was

reasonable. And I don't think its decision to change the premium was unfair. The adjustments Mrs S made to the policy weren't minor in nature and I'm satisfied it was reasonable for Admiral to have varied the terms of the policy given the change in risk Miss S posed as a new full license holder.

It's not disputed Admiral let Mrs S down when she arranged cover for Miss S. And she was incorrectly led to believe the premium would remain the same when Miss S passed her driving test.

When considering complaints at this Service, if we decide an insurer as made a mistake, the remedy we usually take is to direct the insurer to put the customer back in the position they would have been in before that mistake happened. This might involve paying money or compensating the customer for any trouble and upset caused.

Mrs S says Admiral failed to put her in an informed position when she bought the cover for Miss S, and had it told her about the likely increase in the annual premium (if Miss S passed her driving test), she would have re-considered buying the policy. I appreciate her point of view on the matter. But I'm mindful Mrs S has explained that removing Miss S' car from the multicover policy she held may have had a detrimental effect on the overall policy premium for the other cars she insurers under the policy. With this in mind, it seems more likely than not Mrs S would have continued to buy the cover. So I don't think the incorrect advice Admiral gave Mrs S changes the position she's now found herself in.

I sympathise with Mrs S - it must have come as a shock and disappointment to find out the price of Miss S' cover had increased. Admiral has apologised to Mrs S for the way it handled things and offered her £200 in compensation. I'm satisfied the £200 compensation offered fairly reflects the shock and frustration caused to Mrs S when she found out the premium would increase when she was previously told it wouldn't. As this award is in line with what I would direct in similar circumstances I make no further award.

Mrs S has explained she's yet to cash the £200 cheque Admiral sent her to resolve this complaint. If that cheque has expired, and Mrs S would like to accept it, Admiral should re-issue the cheque.

My final decision

My final decision is I don't uphold this complaint. Admiral's offer of £200 compensation is fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Miss S to accept or reject my decision before 13 December 2024.

Adam Travers
Ombudsman