

The complaint

Mr J complains about how Admiral Insurance Company Limited (Admiral) declined a claim under his car insurance policy.

What happened

Mr J had a motor insurance policy with Admiral covering his car.

He held a provisional driving licence. In February 2024 Mr J collided with a bollard and his car was damaged. He contacted Admiral and made a claim.

Admiral investigated his claim. It found that Mr J hadn't been driving with L plates attached to his car.

It declined his claim. It also said it would cancel his policy.

Mr J complained as Admiral hadn't called him back when it said it would and because it wouldn't pay his claim. He stopped paying the monthly direct debit for his premiums.

Admiral said it would pay him £100 compensation for its poor service. But it said it would continue to take his premium as it was waiting for a third-party claim from the owner of the bollard.

Mr J remained unhappy and brought his complaint to this service. He wants Admiral to pay his claim. Our investigator looked into it and said she thought Admiral should pay his claim and £150 compensation.

Admiral didn't agree with the view. It said Mr J wasn't driving in line with the terms of his driving licence, so under its terms and conditions it was able to refuse to pay his claim.

Because it didn't agree, this complaint has been passed to me to make a decision.

I issued a provisional decision because I didn't think Mr J's complaint should be upheld:

Under the terms & conditions of Admiral's car insurance policy, there's this section:

"General exceptions

We will not pay for any loss, damage, or liability directly or indirectly caused or contributed to by:

1. Your vehicle being:

b. driven by anyone who does not hold a valid driving licence or who is breaking the conditions of their licence."

This is a fairly standard exception of a type used widely in the insurance marketplace, and I think its use here is fair.

I can see from his evidence that Mr J held a UK provisional driving licence and he'd correctly disclosed that to Admiral.

Under the terms of that type of licence, the DVLA says:

"Using L plates

You must put an L plate on the front and back of your vehicle so they can be seen easily."

In his conversation with Admiral about the claim, I can hear Mr J saying that he didn't have L plates on his car when he collided with the bollard.

Mr J later told this service he thought this recorded call was a phoney. But he's not supplied further details about why he thinks this. I can see in Admiral's notes that Mr J later seemed to indicate he did actually have L plates on the car when he crashed it. But in the phone call he seems sure that he didn't. So in the absence of definitive proof, I think Admiral's position is fair and it's relying on Mr J's own words.

I've looked at the file of evidence I've been provided and it seems to me that, at the time of the collision, Mr J was driving outside the terms of his provisional driving licence. What this means is that Admiral is able to apply the general exception I've shown above. I don't think the use or application of that exception is unfair, so it follows that I agree Admiral has fairly declined Mr J's claim.

Cancellation

When it rejected Mr J's claim, Admiral also cancelled his policy. It did this, giving him seven days' notice, because Mr J had failed to comply with Point 1 of the General exceptions I've mentioned above.

Admiral also told Mr J he needed to keep paying premiums as it might yet receive a claim from the owner of the bollard he hit. This is likely because, under the terms of the Road Traffic Act, Admiral would likely be expected to be the insurer of Mr J's car for the purposes of a third-party claim even though it's not covering his own damage.

When a claim happens, Admiral's wording says:

"If a claim has been during the period of insurance, you must pay the full premium and no refund will be given."

I asked Admiral to confirm whether a claim had been received from the third party and it said it hadn't. It said it would typically keep claims like this open for 6-12 months in case the third party claimed.

So, under the terms of his policy with Admiral, Mr J is obliged to pay his full premium for his car insurance policy if the third party brings its claim for the bollard against him. This is why Admiral told him he needed to continue paying for his cover. I can understand Mr J's confusion and worry about this, but I don't think it's unfair of Admiral to ask him to keep paying as its terms require it.

There was some confusion relating to the premium owed by Mr J to Admiral and I asked Admiral to clarify the situation. It told this service Mr J had two policies with it, his car insurance and a contents policy for his home. When he stopped paying for cover, both policies were cancelled.

I've looked at the information given to me by Admiral and I can see the amount it is asking Mr J to pay for is in line with its premium calculation. But, as I mention above, Mr J would only owe this remaining premium if the third party brings a claim against him for the damage to the bollard.

I think it's fair I say Mr J's approach to this service is primarily about the damage he caused to his car by hitting the bollard, and Admiral's subsequent refusal of his claim. I've said above that I think Admiral has acted in line with its terms and conditions when it did this.

It follows that I think Admiral has acted fairly in how it's handled Mr J's claim and subsequent cancellation of his policy.

Although I'm not intending to uphold this complaint, I would ask that Admiral move swiftly to make a decision on whether the third party claim needs to be kept open on Mr J's records.

Responses to my provisional decision

Admiral responded and said it didn't have anything to add.

Mr J responded and didn't agree with my provisional decision.

He reiterates that he had no home contents policy with Admiral. He also said Admiral hasn't paid him the £100 compensation it awarded him. He again questions the validity of the phonecall reporting the collision.

Mr J didn't think there was any damage to the bollard, so it's unlikely that the owner of the bollard would ever claim. He also says the lack of L plates wouldn't have prevented the collision, so he questions the significance of this issue.

He also makes a further point about the sequence of events around Admiral cancelling his policy and him cancelling his payments.

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.

I've read Mr J's response to my provisional decision carefully and I'll answer the main points he makes here.

Firstly, I can see from Admiral's records that Mr J did have a contents policy with it. I can see from his response that he's adamant that he did not. I can't see that this has formed part of Mr J's complaint to Admiral or his approach to this service, so I'm not able to consider it further here. If Mr J wishes to complain about how he was sold or mis-sold that policy he should make a further complaint to Admiral, which may reach this service if he remains unhappy.

I'd also ask that Admiral now checks whether it has paid Mr J the compensation it awarded him for its poor claims service, and re-issue that payment if necessary.

Turning to the collision with the bollard and its subsequent reporting. It seems to me that Mr J is both questioning whether it's his voice reporting the collision, and at the same time asking why the lack of L plates on his car is at all relevant to Admiral's decision to not pay his claim and cancel his policy. In my mind, those two factors seem to be at odds with each other.

I've said above that I think Admiral has acted in accordance with its terms and conditions as Mr J was apparently not driving his car in line with his provisional licence's requirements. I've not seen evidence to say this is incorrect, so it follows I think Admiral has acted fairly and in line with its policy in dealing with Mr J's claim and policy as it did.

I said in my provisional decision that I asked Admiral to swiftly decide to close the claim, and as we're now at about nine months since the collision happened, I'd re-iterate this point to Admiral.

Mr J needs to be aware that the third-party owner of the bollard has several years to bring a claim against him for any damage he caused, and if Admiral receives notification of this claim it may seek to recover costs from Mr J.

Mr J has also pointed out that Admiral cancelled his policy, and then he cancelled his payments. He says he didn't stop paying because his claim was declined. This seems to be in line with what I've written above and I'm sorry if what I've written isn't clear on that point.

The fact remains that Admiral cancelled his policy and Mr J stopped paying for it, despite Admiral telling him he'd need to continue payments in case the third party claimed.

Taking everything into account, I think Admiral has acted fairly in how it's dealt with Mr J's claim and policy, and I think its offer of £100 compensation for its poor claims handling is fair and reasonable. So I'm not upholding Mr J's complaint, but I'd ask that Admiral now takes action in the points I've make above.

My final decision

It's my final decision that I don't uphold this complaint.

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

Richard Sowden
Ombudsman