

The complaint

Mr W and Miss W say Admiral Insurance (Gibraltar) Limited didn't communicate with another insurer after they made a claim on their motor insurance policy. That led to a financial loss for Admiral that they think it tried to recoup unreasonably.

What happened

On 6 July 2023 Miss W had a non-fault accident. Mr W made a claim on their policy with Admiral and accepted a total loss settlement offer from it. But Miss W had been contacted by the other driver's insurer ('insurer B') shortly after the accident. It offered her its services for hire and repair, which she accepted. Admiral didn't know the car was about to be repaired when it paid for it and took ownership – and insurer B didn't know about the settlement.

Miss W said she hadn't agreed to accept insurer B's services. Mr W said he only found out what had happened on 2 August 2023, when the garage called him to say the repairs had been completed. Although Miss W had been in hire during the intervening period, she and Mr W said they thought that was just a goodwill gesture from insurer B. Mr W told Admiral about the situation the same day, and an advisor told him to collect and sell the car, in order to repay the total loss sum. The advisor then agreed that Admiral would collect the car. Mr W wasn't aware that it wasn't collected. It stayed at the garage, accruing storage charges.

Admiral told the garage later it wouldn't be paying the storage charges. And it insisted Mr W must return the total loss payment, as it couldn't recover it from insurer B. Mr W said he and Miss W weren't to blame for the situation, and that the money had been spent on another car. Admiral said it would instruct debt collectors, so Mr W and Miss W complained to us.

Our investigator didn't uphold their complaint. She thought Admiral had acted reasonably and had the right to recover the sum it had paid for the car, given that it had settled the claim whilst unaware of insurer B's involvement. As there was no agreement, the complaint was passed to me for review. I issued a provisional decision, partly upholding the complaint, along the following lines:

- There was no evidence that either insurer was aware of the other's involvement before the total loss sum was paid and the repairs were under way, so the situation wasn't caused by Admiral and insurer B not communicating. The garage told insurer B on 2 August 2023 that the car had been written off – so insurer B asked Miss W why she hadn't told it about the total loss payment. Miss W said she had no idea the car was being repaired - but the relevant call with insurer B shows she agreed to it.
- Insurer B couldn't be expected to reimburse Admiral's settlement outlay to Mr W and Miss W given its own outlay on hire and repairs for them. That caused Admiral a financial shortfall not of its own making, which it was entitled to try to put right.
- Although Admiral's advisor told Mr W to collect the car from the garage and sell it (to repay the total loss sum to Admiral) he wouldn't have been able to do that, as Admiral owned the car. But Admiral could have sold the car and recouped most of its outlay - and the storage charges would have stopped. Admiral is only likely to have

got the car's *trade* value, so there would have been a shortfall. It would have been fair to ask Mr W and Miss W to make up that shortfall, as their actions led to it.

- Admiral wasn't at fault initially, but it made a bad situation worse by leaving the car at the garage for over a year, where it accrued storage charges and would have deteriorated through lack of use and therefore lost value.
- Mr W and Miss W aren't responsible for the storage charges / any loss in the car's value, as they couldn't have recovered it from the garage. But they were at fault initially and as a result Admiral would always have lost out financially to some extent.
- Admiral should deal with the storage charges. As it won't be able to recoup its full outlay, it would be reasonable for it to require Mr W and Miss W to contribute. They should pay Admiral for the shortfall between the sum it would have got for the car's trade value in August 2023 (when Mr W first informed it of the situation) and the total loss sum it would have received at that point from the other insurer. It's not fair and reasonable for Admiral to pursue them for the full total loss payment, as Admiral could have recovered most of that sum had it acted differently.

I asked the parties to comment on my provisional findings. Admiral didn't comment. Mr W and Miss W accepted them, but Mr W made a new point – that Admiral had probably written off the car unnecessarily.

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.

An insurer has the right to settle a claim as it sees fit, as long as it acts reasonably in doing so. And insurers sometimes differ in what they believe is the best way to deal with a damaged car. In this case, Admiral offered a total loss valuation for the car that Mr W found acceptable, and it seems Miss W was able to replace the car with the sum provided. In my opinion, they didn't lose out as a result of Admiral's settlement decision. The difficulties that arose were due to insurer B's involvement and neither insurer knowing about the other's actions (as set out above).

As the parties haven't said anything that would lead me to reconsider my provisional findings, there's no reason for me to depart from them. So, for the reasons stated above, I'm partly upholding this complaint.

My final decision

My final decision is that I uphold this complaint in part. I require Admiral Insurance (Gibraltar) Limited to do the following:

- Deal with the storage charges.
- Determine the trade sum price it would have got for the car in August 2023 (supported with suitable evidence) and only require Mr W and Miss W to pay the difference between that sum and the sum it would normally have got from insurer B after the total loss settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Miss W to accept or reject my decision before 27 December 2024.

Susan Ewins
Ombudsman