

The complaint

Mr M complains Admiral Insurance (Gibraltar) Limited responded poorly to a third-party claim made against his motor insurance policy.

What happened

In March 2023 a third-party made a claim against Mr M's Admiral motor insurance policy. The third party's insurer (TPI) said Mr M's vehicle had damaged its policyholder's. He denied any involvement. Admiral defended the claim on the grounds he wasn't involved. The claim hadn't been resolved by the time Mr M's policy was due for renewal in March 2024. The open claim record caused an increase in his renewal premium.

In May 2024, Mr M, unhappy the claim was still open, complained. He said it wasn't fair he had to pay more for his insurance when he wasn't involved in the relevant incident. He felt Admiral was to blame for the claim being open at renewal as it hadn't dealt with it proactively. He said it should have arranged a damage inspection of his vehicle earlier than it did.

In June 2024 Admiral responded to Mr M's complaint. It didn't accept it was at fault for the open claim and its impact on his premiums. But it acknowledged it hadn't done enough to progress the claim promptly - including failing to proactively appoint an engineer for the inspection. It offered £160 compensation. Soon after Admiral explained to Mr M the third-party insurer had withdrawn the claim.

Mr M wasn't satisfied with Admiral's response to his complaint so came to the Financial Ombudsman Service. Admiral then offered him an additional £150 compensation - so £310 in total. Mr M didn't accept that as a resolution. He said Admiral's poor response to the claim had caused significant distress, inconvenience and resulted in him paying an additional £100 per month for his insurance. He asked for £1,000 compensation.

Our Investigator felt Admiral's handling of the claim had caused avoidable delay. He found it responsible for substantial distress and worry over many months. He recommended a total of £800 compensation as appropriate compensation. Admiral didn't accept that outcome. It considered the recommended additional compensation to be excessive. So the complaint was passed to me to decide.

I issued a provisional decision. In it I explained why I intended to require Admiral to pay a total of £450 compensation, rather than the £800 recommended by the Investigator. As the provisional decision's reasoning forms part of this final decision I've copied it in below. I also invited Mr M and Admiral to provide any further evidence or comments they would like me to consider. Admiral didn't respond. Mr M didn't accept my proposed outcome. He provided comments intended to demonstrate why £450 isn't a fair award of compensation.

what I've provisionally 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.

As this is an informal service I'm not going to respond here to every point or piece of evidence Mr M and Admiral have provided. Instead I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted. Having done so, I intend to require Admiral to pay a total of £450 compensation.

Mr M feels there was a lack of timely action from Admiral when managing the claim. He believes this contributed to the duration and complexity of the issue. He said a delay in sending a vehicle assessor (the inspection didn't happen until March 2024) and Admiral's initial handling didn't meet the expected standards. Admiral has acknowledged it didn't manage the claim as it should have.

Unfortunately claims often, by their nature, take many months to resolve. But it seems likely that had Admiral taken a more proactive approach the claim would have closed earlier than it did. I can't say exactly when that would have been. But several months earlier, at least, seems a reasonable estimate.

The third-party insurer withdrew the claim a few months after receipt of Admiral's vehicle assessor's report. That reported no evidence of contact between Mr M's vehicle and the third party's. So it seems likely the claim would have likely closed before the March 2024 renewal had the report been arranged and provided at an earlier point. The resulting additional premiums from the open claim have been refunded already, so I don't need to direct Admiral to do so. But I've taken into account, for compensation purposes, financial distress Mr M experienced as a result of needing to pay them.

Mr M explained the impact the unresolved claim had on him. This includes mental distress from legal threats from the third-party insurer and having to chase Admiral for progress and updates. But I consider the main cause of discomfort and anxiety for Mr M was likely the claim itself. That wasn't Admiral's fault – it had to respond to it. So I can't fairly require Admiral to compensate him for that – only for any additional and avoidable distress and inconvenience it's responsible for.

Overall, I'm satisfied Admiral's handling of the claim exacerbated matters for Mr M – causing him unnecessary additional worry and inconvenience across several months. So it's fair that it pays him some compensation in recognition.

But I agree with Admiral that £800 would be excessive. £450 seems a more appropriate amount to recognise the impact. Within that I've accounted for a contribution, in place of simple interest, towards Mr M being unfairly without the use of additional premium for several months.

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 haven't set out in detail Mr M's comments in his response to the provisional decision. But I have given them reasonable consideration. In summary he explained his concern with Admiral's claims handling and the financial and emotional impact on him. He requested I reconsider my award on the grounds it doesn't reflect the gravity of the situation or extended hardship he experienced.

However, I'm still of the opinion, for the reasons given in the provisional decision, that £450, is a fair amount of compensation. It's enough to make up for the impact of any avoidable financial or emotional distress and inconvenience Admiral is responsible for.

My final decision

For the reasons given above, I require Admiral Insurance (Gibraltar) Limited to pay Mr M £450 (including the £310 already offered) compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 February 2025.

Daniel Martin
Ombudsman