

The complaint

Mr H complains about the way Admiral insurance (Gibraltar) Limited handled a claim he made on his motor insurance policy.

What happened

In May 2023, Mr H made a claim on his motor insurance policy, following an accident. Admiral accepted the claim, but in October 2023 Mr H complained. He raised concerns around the hire car and the delay in it being provided. He was unhappy with delays of Admiral's approved repairer (AR) and long wait times on the phone. He also thought Admiral's AR had caused further damage to the vehicle due to how it was stored, and that Admiral's fitting of a bumper (which wasn't the same as the car had originally had fitted) had caused further damage to the vehicle.

Admiral issued a complaint final response letter (FRL) on 27 October 2023. It accepted the hire car had taken too long to be provided. It also accepted Mr H had been inconvenienced by long hold times and that the AR had missed several promised completion dates. It didn't think it had caused further damage to the vehicle or acted unfairly in fitting a standard bumper, but it said as Mr H was intending to have the car assessed at his own garage, if it was found there is damage caused that had been caused by the AR it would investigate it further. It offered £550 compensation to reflect the inconvenience caused; £450 for delays with the hire car and £100 for general distress and inconvenience.

Mr H didn't accept that, so he brought his complaint to the Financial Ombudsman Service for an independent review. Our Investigator considered matters up until the October 2023 complaint response. He said he was aware there had been further issues after that point but said as those hadn't been considered by Admiral as part of a complaint, he wouldn't look into those as part of this complaint.

For the issues raised until October 2023, our Investigator was satisfied Admiral had made a fair offer. He said whilst he accepted Admiral took around 45 days to provide a hire car, Mr H hadn't shown this had caused him to lose out financially. He also said Admiral had shown that Mr H's bumper was a modification, and as modifications aren't covered by the policy, Admiral hadn't acted unfairly in fitting the standard bumper for Mr H's make and model.

Mr H asked for an Ombudsman to consider the complaint. He said he didn't know the bumper was a modification, so he didn't know to declare it when he took out his policy with Admiral. He said the garage where he bought the car had refused to take it back as a trade in because the front bumper no longer matches the back one, which affects the value of the car.

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.

Like our Investigator, I'm only going to review matters up until the FRL of 27 October 2023. I'm aware Mr H had further issues after that point, this Service might be able to consider a complaint about those issues separately if Mr H raises a complaint about those.

Fitting of the bumper

The terms of Mr H's policy say it will not pay to repair or replace modifications. It says it will only pay the cost of replacing parts to meet the manufacturer's specification.

I've looked at the modifications noted on Mr H's car, and I'm satisfied based on the comments from Admiral's engineer's report that the modifications noted – including to the front bumper that was damaged in the accident – were most likely fitted after purchase by someone other than the manufacturer. So that means I'm satisfied Admiral doesn't need to cover the cost of replacing the non-standard bumper in line with those terms.

Mr H has said he didn't know the car had been modified. I've no reason to doubt that Mr H didn't know this, but his lack of knowledge about the modifications doesn't mean I'm persuaded it would be fair for Admiral to cover the cost of replacing those modifications, given what its policy terms say. And Admiral hasn't sought to avoid Mr H's policy (treat it as though it never existed) or decline the claim as a result of those modifications. So I haven't needed to consider the relevant law in that area about whether Mr H took reasonable care not to misrepresent the type of vehicle he had. Which means I haven't explored his argument that the policy gives an example of alloy wheels being fitted as a modification, which wouldn't have been enough to put him on notice that he might have had modifications to his car.

I can see that, in replacing the bumper with a standard one though, Mr H now has the issue that the bumpers on the vehicle don't match – they don't match in terms of style, rather than there being any colour mismatch from what I've seen. He said the dealership he'd bought the car from said to replace the rear bumper to match the (new, standard) front one fitted by Admiral; it would cost £1,500. He says without that the car wouldn't sell for as much. However, I don't consider that would be reasonable for Admiral to pay for that. I'm satisfied, based on what I've seen, that the bumper fitted by Admiral was the right one for the type of vehicle Mr H had, but for the non-standard modifications. And as Admiral didn't know about those modifications, it never agreed to insure those or indemnify Mr H for them.

I do think Admiral could have given Mr H the option to pay for the non-standard bumper to be fitted. But I have to bear in mind that by the point it realised the car had a modified kit, the standard bumper had already arrived at the garage. And so, I think it's likely Mr H would, at best, have always had to pay an amount to Admiral for the non-standard front bumper that he wanted; it wouldn't reasonably have ordered the new non-standard bumper for him and borne the cost of both.

Mr H says it will now cost him around £1,500 to have the rear bumper changed to match the front, as having the front one replaced with one to match the existing rear bumper, was significantly more than this. I think it's reasonable to say then that this shows that the non-standard front bumper would likely have cost more than £1,500. Whilst I don't know the exact cost of that, or what Admiral paid to replace the bumper with a standard part, I haven't seen enough in this complaint to persuade me Admiral has caused Mr H a financial loss by not giving him the option to pay for the non-standard bumper to be installed whilst the car was being repaired. To be satisfied in that respect I'd have to be persuaded that it would likely have cost Mr H less than £1,500, via the AR, to replace the front bumper like-for-like (with the non-standard one) and that isn't the case here.

Mr H said he thought damage had been caused to the vehicle by the non-standard bumper being fitted. Admiral did say in its FRL that if Mr H provided any further information from his own garage in support of that, it would consider it. I would also expect Admiral to do the same. But I'm not, at this stage, going to require it to pay any more towards the bumper.

Delays with repairs, hire vehicle and customer service

It is accepted by Admiral that it took too long to provide Mr H with a hire car. Our Investigator asked Mr H for any costs he'd incurred as a result of Admiral's failure to provide a hire car sooner, but Mr H didn't provide anything to consider. So whilst I've no doubt it was inconvenient for Mr H to be without a hire vehicle for so long, I don't think Admiral needs to

reimburse him any losses incurred as a result. I'll return to the distress and inconvenience award later.

Mr H says Admiral refused to let his own garage do the works. Admiral says it didn't refuse, it wasn't asked, but it always offers its ARs because then, under the policy terms, a hire car will be provided if its ARs carry out repairs. I don't think that is an unreasonable position for Admiral to take. Essentially it only wants to incur hire charges for any delays in its own ARs works, not an external third party's delays which it has no control over. I don't think that's an unfair term of Mr H's policy. And Mr H did want to benefit from a hire car, so whether Admiral offered for his own garage to undertake repairs or not, I think he'd have likely decided to go with the AR to ensure a hire car was provided. The failing here was in Admiral not providing the hire car sooner in line with its policy obligations.

Admiral also accepted its customer service had been poor in the hold times experienced by Mr H, and that it didn't communicate well enough. I've reviewed Admiral's offer of a total of £550 compensation, and I'm satisfied that is in line with awards this Service has made in similar cases. An award in the range of £300 to £750 is made where the impact of a business' mistake causes significant inconvenience that needs a lot of extra effort to sort out. I think Admiral's award in the middle of that range is therefore reasonable to reflect the impact of its mistakes on Mr H. I realise Admiral had broken its offer down between a loss of use payment and distress and inconvenience, but this Service considers distress and inconvenience caused as a whole, rather than separating out issues and awarding individually. So when I consider its total offer, and bearing in mind Mr H didn't show any financial loss due to Admiral's delay in providing a hire car, I'm satisfied it made a fair offer of compensation.

My final decision

My final decision is that Admiral Insurance (Gibraltar) Limited has already made a fair offer of £550 compensation for distress and inconvenience caused during the claim. So if it hasn't done so already, it will need to pay this amount to Mr H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 7 January 2025.

Michelle Henderson
Ombudsman