

The complaint

Ms S complains that Admiral Insurance (Gibraltar) Limited is pursuing her to repay her car's salvage value following a claim made on her motor insurance policy.

What happened

Ms S's car was damaged in an accident whilst being driven by the named driver on her policy. The police recovered the car to an unknown location. Ms S made a claim to Admiral, and it accepted it and paid her the car's market value within days, without seeing the car or knowing where it was being stored. It told Ms S to inform the DVLA that the car was a total loss.

Ms S later received a letter from a garage asking the registered keeper to recover the car or else it would be disposed of within 14 days. Ms S didn't act on this as she was no longer the car's registered keeper.

Some weeks later, Admiral asked Ms S for the car's location. Ms S didn't then provide this. Eight months later, Admiral contacted Ms S again and she provided the garage's details. But the garage said the car had been disposed of 14 days after its letter to Ms S. Admiral said Ms S would now need to repay it the car's salvage cost as it hadn't recovered it or been able to sell the salvage.

After Ms S complained, Admiral agreed that it hadn't told Ms S that she would need to provide the car's location within a reasonable time. And it paid her £100 compensation for this. But it said she still needed to repay the salvage amount.

Our Investigator recommended that the complaint should be upheld. She thought it was for Admiral to make clear to Ms S what she needed to do following her claim, including providing the location of her car. But it hadn't done this. She thought Admiral should have reasonably known that as there had been police involvement that the car had been recovered by the police and so taken prompt action.

But Admiral didn't ask Ms S for the car's location until after it had been disposed of. So she thought it was unfair for Admiral to hold Ms S responsible for this or seek to recover the salvage amount from her. She thought Admiral should stop pursuing Ms S for this and also pay her the £100 compensation if it hadn't already done so.

Admiral replied that Ms S should have told it when she received the garage's letter. It said that if she had, then it may have been able to recover the car. So it thought she was responsible for its loss.

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 can understand that Ms S feels upset that Admiral is still pursuing her for repayment of the salvage amount two years after the accident, and after it has settled the claim. Like the Investigator, I've looked at Ms S's claim journey to understand what happened at the time.

It's clear that Ms S wasn't aware of her car's location after the accident. The named driver had been involved in the accident and he'd been taken to hospital. The police had recovered the car, but I can't see that they informed Ms S of the location.

Ms S then made a claim and put down the car's location as "Unknown". Admiral decided that the car was a total loss and offered a settlement without inspecting the car. And Ms S told DVLA that she was no longer the car's registered keeper. Admiral didn't then ask her to locate the car or to provide it with any updates on the claim that she received.

Ms S then received a letter from the garage asking the registered keeper to recover the car within 14 days. Ms S said she didn't receive this letter until some time after the claim had been paid. So I don't know if she received it within 14 days of it being sent and what would have happened if she had then told Admiral about it. The letter didn't advise her to inform her insurer of it. But Ms S didn't do anything with the letter and the garage disposed of the car.

Admiral contacted Ms S asking for the car's location well after the car had been disposed of. So I don't think Ms S not then responding to Admiral is relevant.

So I think it was for Admiral to make it clear to Ms S that she needed to inform it about any progress in the claim after it had paid her settlement. But it didn't. Ms S received a letter from the garage, but she thought she wasn't any longer responsible for the car, so she didn't act upon it. But I can't say whether or not this prejudiced Admiral's position as I don't know when Ms S received the letter. And so I think it's unfair for Admiral to pursue Ms S for the car's salvage.

In any case, Admiral has agreed that its communication has been wanting as it hadn't asked Ms S about the car's location until after it had been disposed of. And it offered Ms S £100 compensation for the trouble and upset this caused her. But for Admiral's error, Ms S's claim would have been better handled and so she would have avoided the stress and upset. So I think the compensation is fair and reasonable in the circumstances as it's in keeping with our published guidance for the impact of the error.

Putting things right

I require Admiral Insurance (Gibraltar) Limited to stop pursuing Ms S for repayment of her car's salvage and to pay her £100 compensation for the distress and inconvenience caused by its handling of her claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 13 February 2025.

Phillip Berechree
Ombudsman