

The complaint

Mr and Mrs F are unhappy that Admiral Insurance (Gibraltar) Limited proportionately settled their claim and with the service they received.

What happened

Mr and Mrs F cancelled a holiday and claimed on their insurance policy. Admiral proportionately settled the claim as they said Mrs F hadn't accurately answered questions about her medical history when the policy was taken out. Mr and Mrs F didn't agree this was fair and they were also unhappy with the customer service during the claim. They complained to Admiral.

In their final response letter Admiral maintained their decision to proportionately settle the claim was fair. They also said they'd dealt with the claim within the correct timescales. However, they agreed to pay £50 compensation which had previously been offered to Mr and Mrs F as a gesture of goodwill. Mr and Mrs F complained to the Financial Ombudsman Service.

Our investigator looked into what happened and didn't uphold the complaint. In summary, he thought Admiral had acted fairly when settling the claim proportionately. He thought there were some delays and communication issues, but he concluded the £50 compensation Admiral agreed to pay was fair and reasonable.

Mr and Mrs F didn't agree and asked an ombudsman to review their complaint. She didn't provide any detailed reasons why she disagreed with the investigator's recommendation. So, the complaint was referred to me to decide.

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.

The relevant rules and industry guidelines say that Admiral has a responsibility to handle claims promptly and fairly. And they shouldn't reject a claim unreasonably.

Settlement of the claim

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Admiral thinks Mrs F failed to take reasonable care not to make a misrepresentation when she answered questions about her medical history. I've looked at the questions Mrs F was asked and the medical evidence provided in relation to the claim.

During the application Mrs F was asked:

Have you or anyone in your party been prescribed medication, received treatment or had a consultation with a doctor or hospital specialist for any medical condition in the past two years?

I think that's the question is clear. Mrs F answered 'no' to that question. Based on the available medical evidence I think Mrs F should have answered 'yes'. Her doctor provided evidence that she had been diagnosed and treated for medical conditions, including the removal of a cyst and back pain.

Admiral has provided evidence of their underwriting criteria and an explanation of how the premium would have been calculated if Mrs F had declared the relevant conditions. It shows that Admiral would have charged a higher premium. This means I'm satisfied Mrs F's misrepresentation was a qualifying one.

Admiral have considered the claim on the basis that the misrepresentation was careless. I agree that it was a careless misrepresentation rather than deliberate or reckless. I think it's most likely the failure to disclose the relevant medical history was an oversight on Mrs F's part rather than a deliberate attempt to mislead Admiral. As I'm satisfied Mrs F's misrepresentation should be treated as careless, I've looked at the actions Admiral can take in accordance with CIDRA.

CIDRA says that where an insurer would have charged more, and there's been a claim, the insurer can pay the claim proportionately. Mr and Mrs F paid around 64% of the premium they should have done. Admiral has settled 67% of the claim. So, I'm satisfied that Admiral has therefore fairly settled the claim proportionately, and in line with CIDRA.

Customer Service

I agree that some of the communication between Admiral and Mr and Mrs F could have been better. Sometimes the communication wasn't as clear as it could have been.

Mrs F was particularly unhappy with one call where she felt a manager had been laughing when the call commenced. This was because of a misunderstanding internally between the advisor and the manager. I don't think they were acting inappropriately or laughing at Mrs F's circumstances.

I'm satisfied that Admiral most likely managed Mrs F's expectations appropriately. And they were right to explain they reasonably explained that they couldn't provide a 'deadlock' letter until the complaint process had been concluded. Admiral has eight weeks in which to issue a final response letter, so I don't think it was unreasonable that they didn't provide one as soon as Mr and Mrs F requested one.

Mrs F raised concerns about a potential data breach. However, this related to the complaint rather than the claim. As our investigator explained the Financial Ombudsman Service can only consider complaints about regulated activities. And, complaint handling isn't a regulated

activity. In any event, Mrs F would need to first need to raise this issue with Admiral as it didn't form part of her original complaint to them.

Overall, I think compensation of £50 fairly reflects the impact of the customer services issues on Mr and Mrs F. I can see that some of the conversations would have been frustrating and confusing. However, I also need to bear in mind that the claim needed more detailed investigation because of the misrepresentation. So, this impacted on how quickly Admiral could give Mr and Mrs F an outcome.

My final decision

I'm not upholding this complaint as I don't think Admiral Insurance (Gibraltar) Limited needs to do anything more to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 19 February 2025.

Anna Wilshaw
Ombudsman