

The complaint

Mr M has complained about the way Admiral Insurance (Gibraltar) Limited dealt with a claim he made on his motor insurance policy as well as the service it provided.

Admiral is the underwriter of this policy i.e., the insurer. During the claim Mr M also dealt with other businesses who act as Admiral's agents. As Admiral has accepted it is accountable for the actions of its agents, in my decision, any reference to Admiral includes the actions of the agents.

What happened

In March 2024, Mr M made a claim on his policy when his car was damaged by another driver while it was parked and unattended.

Admiral decided the car was a total loss and a settlement cheque for £6,262.50 (£6,762.50 minus the £500 excess) was sent to Mr M in the second week of April 2024.

During the claim Mr M raised a number of complaints about Admiral's service and the handling of the claim which Admiral addressed in three final response letters.

Final response letters

In its first final response letter in April 2024, Admiral upheld Mr M's complaint in part and paid him £200 compensation. It upheld his complaints where he said that:

- There was a delay in his car being collected. Admiral couldn't find the call where this was discussed so it couldn't determine whether a timeframe had been set.
- He was told he had to pay for items he had in the car himself and then try to recover the cost from the third party. Again Admiral wasn't able to listen to the call where this was discussed and couldn't confirm what Mr M had been advised.
- He had been advised by its handler that his premium paid for other people's crashes in his area. Admiral upheld this part of the complaint as it couldn't listen to the relevant call. But it said that a fault claim could lead to a premium increase as it counts as a risk and this is based on statistics which show that customers who register non-fault claims are more likely to make further claims.
- Mr M had to keep chasing for updates.
- Mr M was told that it was closed on Saturday and Sunday when that wasn't the case. Again it wasn't able to locate this call so it couldn't confirm what Mr M had been told.

Admiral didn't uphold a complaint Mr M made about its process for total loss claims. It said that its handler had advised Mr M that he could retain his car but Mr M said he didn't want to.

Admiral also didn't agree with a statement Mr M made that it wasn't an open and ethical company. It said that it is regulated by the Financial Conduct Authority ('FCA') who is committed to protecting consumers, enhancing market integrity etc. It also said that the FCA had introduced a new consumer duty in July 2023 which sets higher and clearer standards of consumer protection and that it had fully incorporated this duty into its day-to-day operating procedures.

In its second final response letter, also issued in April 2024 Admiral said that:

- It wasn't upholding a complaint Mr M made about the market value of his car. It said it based its £6,762.50 valuation on valuations it obtained through recognised motor valuation guides. And it couldn't find evidence that it had initially offered Mr M a higher valuation of over £7,000.
- It apologised it didn't discuss the valuation with Mr M before issuing a cheque to him but said that the payment was made on a without prejudice basis so he could still dispute it and also that it couldn't be seen to be withholding funds from him. It upheld this part of the complaint and awarded Mr M £25 compensation.
- It wasn't upholding a complaint Mr M made about having to return the hire car within seven days of receiving his settlement and said that under the policy terms Mr M wasn't entitled to one as his car was beyond economic repair.
- In relation to a car seat that was in the car, it said that its understanding was that Mr M was claiming for this through his solicitors. But if not, it said it would consider the claim if Mr M provided relevant receipts.
- Mr M had complained that it told him he had to retrieve his £52.97 refund for his overpaid premium from his bank. Admiral said its letter said the refund would be issued to the same account that made the payment but if the account was closed, Mr M would have to contact his bank.

Admiral issued a third final response letter to Mr M in May 2024 where it didn't uphold any of his complaint points. Admiral said, among other things, that:

- It didn't agree with Mr M's complaint that liability hadn't been accepted by the third party. It said it was accepted around two weeks after it wrote to the third party's insurer with its allegations. Admiral said this was a reasonable timeframe.
- It will not always instruct an engineer to assess a vehicle in person and aims to deal with claims as quickly as possible.
- The salvage agent who repaired and sold the car is a separate company so Mr M would have to complain to it directly if he was unhappy with it.
- The policy excess is payable regardless of liability but could potentially be recovered from the at fault party. In terms of the premium, this is payable immediately but as it is a large amount it allows its customers to pay it monthly. It didn't agree with Mr M saying that he was paying his premium without getting the service he was paying for.
- Mr M's £500 excess had already been returned to him. He would have to speak to his solicitors regarding his personal effects and the car seat as he said he was claiming through them. And he would have to raise any issues regarding the hire car with the hire

company who has its own terms and conditions.

- It wasn't upholding Mr M's complaint about not being allowed to claim through the third-party insurer.

Mr M then brought his complaint to our organisation. He said that Admiral failed to provide a lot of information and paperwork he had requested. He also said that it repaired and sold his car without his knowledge.

One of our investigators reviewed the complaint but didn't think it should be upheld. Our investigator thought that the compensation Admiral had paid so far was fair and reasonable. She didn't think that its actions or the way it handled the claim warranted any further compensation. She also didn't uphold Mr M's complaint that Admiral wasn't an ethical company. In relation to the market value our investigator thought Admiral's offer was fair and reasonable and in line with valuations provided by the motor valuation guides.

Mr M didn't agree and said the process was corrupt and part of a larger conspiracy involving insurance companies and the Government. He asked for an ombudsman's decision so the matter was passed 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.

I'd like to start by saying that I was very sorry to hear about the circumstances that led to Mr M's claim where he essentially lost his car through no fault of his own. I appreciate that this must have been very frustrating for him especially as this also meant he had to go to the trouble of making an insurance claim as well as a legal claim to make sure he was compensated for what happened.

My role here is to decide whether Admiral, as Mr M's motor insurer, has acted in any way which was unfair or unreasonable or went against the terms of the policy it provided to Mr M. For the reasons I provide below I think Admiral's actions were, on the whole, fair and reasonable and the compensation it has offered Mr M is in line with what I would have awarded in the circumstances. As I said above, this was understandably a very frustrating time for Mr M but I think the main cause of this was more likely the incident that led to his car being written off rather than Admiral's actions.

The policy

Mr M's policy provides cover in the event his car is damaged in an accident and says that Admiral will pay a cash sum to replace the damaged vehicle. The most it will pay is the market value of the vehicle. A decision regarding how the claim will be settled will be based on the garage/engineer's recommendation.

The policy defines the market value as:

“The cost of replacing your vehicle; with one of a similar make, model, year, mileage and condition based on market prices immediately before the loss happened...This value is based on research from industry recognised motor trade guides.”

The policy also says that a courtesy car will not be provided if the insured's car is beyond economic repair- as was the case with Mr M's car.

In terms of the excess, the policy says this is the amount the insured must pay towards any claim.

The valuation

Our service has an approach to valuation cases like Mr M's that has evolved in recent times. When looking at the valuation placed on a car by an insurance company, I consider the approach it has adopted and decide whether the valuation is fair in all the circumstances.

Our service doesn't value cars. Instead, we check to see that the insurer's valuation is fair and reasonable and in line with the terms and conditions of the policy. To do this we tend to use relevant valuation guides. I usually find these persuasive as they're based on nationwide research of sales prices.

Admiral used three valuation guides which produced values of £6,850, £5,583 and £6,675. I've also reviewed the valuations our investigator obtained, and the guides returned values of £6,850, £6,625, £6,599 and £6,651. I think the valuations obtained by both parties are broadly in line with one another and I'm therefore satisfied that Admiral's valuations are for Mr M's car. I think the valuations are fairly close other than the lowest one but I haven't discounted any.

Admiral valued Mr M's car at £6,762.50 using the guides.

Looking at the valuations produced by the guides I am persuaded that Admiral's offer of £6,762.50 is fair and reasonable. There isn't any other relevant evidence to persuade me that a valuation in line with the higher valuations produced is inappropriate and to avoid any detriment to Mr M these would be my starting point. Given that Admiral's offer is very close to the highest valuation produced by the guides, I think it is a fair market valuation.

Admiral agreed that it should have discussed its offer with Mr M before it issued its payment. I agree this would have caused some distress, but I also note that the payment was made on a without prejudice basis so Mr M was able to dispute it if he wished. I also agree that once Admiral decided on a value it was fair and reasonable, that it didn't unnecessarily hold on to funds which belonged to Mr M.

Mr M wasn't happy that his car wasn't physically inspected but this isn't unusual. Insurance companies and their engineers are able to assess whether a car is a total loss from photographs and a description of the damage as was the case here and this tends to speed the process up. I am, therefore, not upholding this part of the complaint.

Mr M's other complaints

I think there were occasions where Admiral could have been more proactive in progressing Mr M's claim but overall, I think the way it handled the claim was fair and reasonable.

There was an initial delay in the claim being allocated to a salvage agent so that Mr M's car could be collected and Mr M had to chase Admiral at least twice in the meantime. I can see why this was frustrating for him especially as there was nothing he could do with the car which was parked outside his house damaged. The car was collected by the salvage agent eight days after the incident and Mr M received the total loss settlement in mid-April 2024. Overall, I think this was a reasonable timescale though I do note the initial delay.

The car was repaired and sold by the salvage agent. Mr M didn't think it was fair this was allowed to happen and that the salvage agent was able to profit from his car. I appreciate Mr M may not agree with the process that was followed, however, this is standard industry practice within insurance. Mr M's insurance policy says that if Admiral settles a claim on a total loss basis, the car becomes Admiral's property. Admiral, as the new owner, sold the car to the salvage agent for the cost of the salvage. Whether the agent made a profit or not isn't something I can look into, as this is a complaint about Admiral, but it is for the salvage agent to assess whether a specific car can be repaired and sold or sold for scrap.

Mr M said that the car was his property and that despite this, Admiral said he was only the registered keeper. When Mr M spoke to Admiral in March 2024 it clarified that the transfer of ownership wouldn't take place until after the car was collected and this is in line with the terms and conditions. So, I don't think Admiral was saying that Mr M never owned the car.

Furthermore, Admiral offered Mr M the opportunity to keep his car which I thought was fair and reasonable. Had Mr M kept the car Admiral would have deducted the salvage value from his total loss settlement. This is again standard industry practice and in line with the terms and conditions because Admiral would not have been able to take ownership of the car and sell the salvage.

Mr M also said that Admiral's actions show it isn't an ethical company. In this decision I can only consider how Admiral handled Mr M's specific complaint and as I said above, I think the actions it took in the specific circumstances were, on the whole, fair and reasonable.

Mr M said he was told that he had to pay for the car seat and other items that were in the car and then claim the costs from the third party. Admiral initially set up a claim for Mr M in relation to those items and asked for evidence such as purchase invoices so it could compensate Mr M. Mr M confirmed that he was claiming for those items from the third party via his solicitors. In the circumstances, I don't think there was anything further that Admiral could have done.

Mr M wasn't happy that he had to return the hire car seven days after receiving his total loss payment. From what I understand the hire car was provided to Mr M by a separate company and not under his motor insurance policy which doesn't provide a courtesy car in the event the car is a total loss. If Mr M isn't happy with the hire car, he is free to complain to the company who provided it.

Mr M said that the hire company and the solicitors were all arranged through Admiral so he should be able to complain to it about them. As I said above they are both separate to Admiral, though the solicitors may be in the same group as Admiral, so he will have to raise separate complaints with them. I note it was Admiral who referred Mr M to the hire company, but this isn't unusual when a car is a total loss.

Mr M was unhappy that Admiral told him that it was closed over the weekend and also felt that his premium payments were paying for other people's crashes. Admiral upheld both complaints as it wasn't able to locate the calls where Mr M was advised of this. I think this is fair and reasonable in the circumstances. Furthermore, Admiral confirmed that Mr M's policy was cancelled after the incident and so the incident didn't impact his existing premium.

Mr M wasn't happy that liability was not admitted by the third party but from what I have seen the third party admitted liability quite quickly and then went on to settle the claim with Admiral. Mr M also said Admiral told him to recover his premium refund from his bank but Admiral said this would only be the case if his account had been closed. It follows that I am not upholding either complaint.

Mr M wasn't happy he had to pay his excess. Under the terms and conditions, the excess is payable once a claim is made on the policy. Other than being in the terms and conditions, this is standard industry practice and something that's very common in motor insurance. So I don't think it was unfairly charged. In any event, Mr M's £500 excess has been returned to him so I am not upholding this part of the complaint.

Finally, Mr M was unhappy that he wasn't allowed to claim directly on the third party's insurance policy. I don't think it is for Admiral, as his motor insurer, to refer Mr M to the third-party insurer so I don't think that Admiral's actions failed Mr M on this occasion. From what I've seen, Mr M was aware he could claim directly from the third-party insurer so it seems it was his decision not to do so.

I appreciate Mr M may be disappointed with my decision but, overall, as I said above I think the way Admiral handled the claim was fair and reasonable and in line with its terms and conditions. I think there were occasions where it could have been more proactive or where its communication could have been better, but I think the £225 compensation it has paid is fair and reasonable in the circumstances.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 March 2025.

Anastasia Serdari
Ombudsman