

The complaint

Mrs H is unhappy that Admiral Insurance (Gibraltar) Limited failed to inform her that her car was repairable, and sold it at auction, after settling her claim as a total loss.

Reference to Mrs H or Admiral throughout includes their agents or representatives.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again in full detail here. But to briefly summarise, Mrs H accepted a claim settlement when her car was declared a total loss. Following this, she discovered the car had been repaired and was back on the road. Mrs H feels Admiral intentionally concealed from her that the car was to be sold, in order to benefit financially.

An investigator at the Financial Ombudsman Service considered Mrs H's complaint but didn't think it should be upheld. He said Admiral made it sufficiently clear that a total loss could mean the car was uneconomical to repair, rather than unrepairable. He also said that once Admiral paid the claim settlement, the car became its property and so it was entitled to sell it without notifying Mrs H.

Mrs H didn't accept our investigator's opinion. So, as no agreement has been reached, the complaint has been 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.

Having done so, while I appreciate it will likely come as a disappointment to Mrs H, I agree with the conclusions reached by our investigator. I'll explain why.

Firstly, I should explain that the value of the claim settlement Mrs H received from Admiral was the subject of a separate complaint she had with Admiral, and which wasn't referred to the Financial Ombudsman Service within the required timescales. This means I'll not be commenting on any concerns Mrs H has raised about the amount she was paid in settlement of her claim. Instead, my decision will focus on whether Admiral treated Mrs H unfairly by failing to offer her the chance to retain the car, and then by selling it without notifying her.

As highlighted by the investigator, when communicating its decision to deem Mrs H's car a total loss, Admiral included a FAQ document which explained:

“How does a vehicle become a ‘total loss’?”

The engineers review the estimate and work out the exact cost of repairing the damage to the manufacturer's standards. They then value the vehicle and if the repair costs exceed or approach the value of the vehicle then it is said to be 'beyond economical repair' or a 'total loss'. A total loss can also happen if your vehicle is too badly damaged to repair or they cannot be completed safely or properly.

But the damage to my vehicle doesn't look that bad...

There may be damage to the vehicle that you cannot see. Our engineers are experts in their field and have a lot of experience in examining vehicles.”

Based on the above, I think Admiral provided Mrs H with sufficiently clear information as to what was meant by total loss, including that this could mean the car was repairable, but uneconomical to repair.

I've seen that Mrs H's car was reviewed by Admiral's in house engineer and an approved repairer. Based on the information Admiral received, it decided to declare the car a total loss. As an insurer, Admiral is entitled to rely on the opinion of technical experts when making decisions such as this. I've not been provided with any evidence to suggest the car would have been economical to repair. So, based on the information it had available, I think Admiral's decision to declare the car a total loss was reasonable.

Mrs H's main concern is that Admiral deliberately withheld from her that it intended to sell the car at auction, as a matter of policy, and that it didn't offer her the option to buy the car back.

I can see that the same FAQ document, I referred to above, clearly set out that Admiral's policy is not to allow its policyholders to buy back written off vehicles:

“Can I buy the vehicle back?”

It is not our policy to allow this because the Government and the Association of British Insurers have issued guidelines to all insurance companies with specific instructions on what must be done with written off vehicles.”

I also note that Admiral explained to Mrs H, in its final response to her complaint, that it doesn't recommend its customers retain vehicles that have been deemed a total loss due to potential safety issues and the costs involved with repairing the vehicle privately.

While I'm not able to change or interfere with Admiral's policies or procedures, I am able to decide whether its insistence of following such a policy has resulted in an unfair outcome in the circumstances of a particular complaint. But in this case, I don't think it has.

I say this because I've seen nothing to suggest that Mrs H told Admiral she wanted to retain the salvage prior to accepting the total loss settlement. Had she done so, and had she made clear the sentimental nature of the car and her reasons for wanting to retain it, I might have been persuaded that Admiral's hypothetical refusal to allow this could be unfair. But as this was all only raised after the fact, I don't think it would be reasonable to conclude that Admiral treated Mrs H unfairly by not pro-actively offering her something that is against its standard policy.

In terms of concealing the fact it intended to sell the vehicle, I should explain that once Admiral settled Mrs H's claim, the car became Admiral's property. This is explained within the general conditions of Mrs H's policy, under the heading "Defending or settling a claim" where it says:

" ...

Once the claim is settled your vehicle will become our property"

Mrs H had accepted a total loss settlement for the car. So, as the owner of the salvage, I think Advantage was entitled to sell it and was under no obligation to notify Mrs H about this.

In summary, taking everything into account, I don't think Admiral treated Mrs H unfairly by not offering her the chance to purchase the salvage, nor by selling on the salvage without notifying her about it.

My final decision

For the reasons I've explained above, I don't uphold Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 3 March 2025.

Adam Golding
Ombudsman