

The complaint

Mr H complains that Admiral Insurance (Gibraltar) Limited (Admiral) unfairly declined a claim he made on a motor insurance policy.

While Mr H is the eligible complainant here, as the policyholder, his wife, Mrs H, is a named driver and has had correspondence with Admiral and our service. Where I refer to Mr H within my decision, this should be taken to include Mrs H where appropriate.

What happened

Mr H insured a car with Admiral. He made a claim on the policy for damage to the car which had occurred after fuelling the car.

It was established through analysis of the fuel in the car that the correct fuel had been put into the tank but the fuel itself was contaminated. The contaminated fuel had caused the damage to the car.

Admiral declined to cover the claim, referring to an exclusion in the policy which said there was no cover if the "incorrect type of fuel" had been used.

Mr H complained to Admiral and then to our service. He was unhappy about the handling of and delays to the claim, and the decision to decline cover. Admiral said its decision to decline cover for the claim was correct. However, it did acknowledge that an email sent to Mr H hadn't included a relevant attachment. It offered £50 compensation to recognise this. Admiral had previously paid £425 compensation to Mr H due to avoidable delays and poor handling of the claim.

Our investigator initially considered Admiral had fairly declined cover for the claim, but thought Admiral should pay an additional £150 compensation for the poor handling of the claim. Admiral accepted this compensation amount. After Mr H provided further information, our investigator's opinion changed, as he thought it was unfair for Admiral to have declined the claim based on the exclusion. He said Admiral should pay a further £25 compensation. Admiral maintained it had acted reasonably when it declined cover for the claim. It asked for an ombudsman's decision.

Admiral has now said it will reconsider Mr H's claim, without relying on the exclusion relating to the incorrect fuel, and agreed to pay the £175 compensation. Mr H provided details to us of the replacement vehicle which was purchased after Admiral declined cover for the claim and asked that my decision confirms how Admiral should settle the claim.

My provisional decision

I previously issued a provisional decision, as there were aspects of Mr H's complaint I didn't think had been addressed fully, and also that the compensation suggested by our investigator for the distress and inconvenience caused by Admiral's unfair decision to decline cover for the claim was insufficient. In my provisional decision I outlined the extent of our service's jurisdiction, given that a number of different complaints had been made to

Admiral and four different final responses had been issued by it. I went on to address the merits of the complaint we can consider, saying:

As Admiral has now accepted it was unreasonable to rely on the exclusion for using the incorrect type of fuel when it declined the claim, I don't intend to address this point in detail.

However, for the sake of completeness I will outline the reasons why I think this is the case, and why I agree with our investigator's assessment on this point.

The terms and conditions of Mr H's policy say cover is provided *"if your vehicle is lost or damaged due to an accident... you will be covered for damage to your vehicle."*

I assume, and Admiral hasn't disputed, that the damage caused to Mr H's car falls within the scope of this section and it accepts the damage has occurred as a result of an accident. I say this because Admiral's original decision to decline cover was based on an exclusion (which I'll explore further below). An exclusion could only be relied on if the circumstances of the claim would ordinarily fall within the extent of cover, but for that exclusion.

The exclusion Admiral sought to rely on said *"We will not pay for any loss or damage caused by using the incorrect type of fuel or failing to keep the correct amount of lubricant in your vehicle."*

The circumstances of Mr H's claim aren't disputed here. The car used diesel fuel and was filled up using diesel, which was unfortunately contaminated and the contaminated fuel caused the damage to the car. There's nothing to suggest there was any reason to believe the fuel was contaminated before it was filled up, and Admiral hasn't indicated there's any evidence of negligence on the part of Mr or Mrs H when the car was filled up.

So it's clear the correct type of fuel was used, but that this was contaminated. The exclusion says there's no cover for using the *"incorrect type of fuel."* There's no further definition of what is meant by this, so I have to take the ordinary and normal meaning. I think it's fair to say that the only reasonable interpretation of *"incorrect type of fuel"* would be where the wrong type of fuel was put into the tank, for example where a diesel car was filled up with petrol or vice versa. I can't see how a contaminated, correct type of fuel would fall within the definition of *"incorrect type of fuel."*

On that basis, I don't think it was reasonable for Admiral to rely on this exclusion and decline Mr H's claim. I'm pleased to note it now appears to agree with this position.

I'm aware that Mr H, after Admiral declined cover for the claim, sold the car essentially for scrap, and has purchased a replacement vehicle. He's seeking to have Admiral pay the value of the car, which was stated during the course of the claim, and has indicated he would like my decision to confirm this.

Unfortunately, I'm unable to do this. All I can do is ask that Admiral reconsider the claim, without relying on the exclusion, in line with the remaining terms and conditions of the policy. As we aren't claim handlers, I can't assess what settlement, if any, Admiral should make, as this will rely on the terms and conditions of the policy.

What I can say is that, in the event that Admiral makes a settlement of the claim, it should add simple interest at a rate of 8% per year to the settlement value, from the date it originally declined cover to the date of final settlement. I say this because it unfairly declined cover originally and where an insurer has unreasonably delayed settlement (as would be the case here), we typically ask the insurer to pay interest at this rate to reflect the payment should have been made sooner and could have accrued interest if paid to the policyholder.

I also don't think the £175 compensation suggested by our investigator is sufficient here. He believed that £150 should be paid because after Mr H contacted Admiral in October 2023 to inform them where the contaminated fuel had been purchased, he'd have believed, based on its response, that it was reconsidering the decision to decline cover and would be making a settlement. This occurred because he was given incorrect advice about what Admiral would do in order to seek to recover its costs from the fuel retailer.

I agree with this, and further note this wasn't addressed by Admiral in January 2024, when it summarised Mr H's complaint as being a repeat of what had been already addressed. While I agree the main point of the complaint was that cover for the claim had been declined, I think there was an opportunity at that point for Admiral to address the loss of expectation which had occurred in October 2023. I note Admiral accepts this as it agreed to pay this compensation in response to our investigator's opinion.

I think the compensation which should be paid because cover for the claim was unreasonably declined should be increased. By unfairly declining cover for the claim, I'm satisfied Mr H suffered a not insignificant amount of upset and frustration. The courtesy car was withdrawn at short notice (something I'll address further below), meaning he needed to source a replacement car sooner than he anticipated. He also had to liaise with the garage where the car was and arrange for it to be scrapped. There was also the upset at being told his claim wasn't covered, and confusion about the reason given that an exclusion for the *"incorrect type of fuel"* was being referred to when he knew the correct fuel had been used and had evidence of this in the form of the analysis of the fuel.

For those reasons, I think a further £350 compensation should be paid by Admiral to recognise the impact of unreasonably declining Mr H's claim. That means it should pay £500 compensation in total in addition to the amounts paid before Mr H approached our service.

Finally I need to address the matter of the courtesy car. Mr H is unhappy that, when Admiral declined cover for the claim, it withdrew a courtesy car which had been provided. As I've outlined, Admiral's decision to decline the claim was unfair, and so it follows the withdrawal of the courtesy car was also unreasonable.

On that basis, I think it's safe to assume the courtesy car cover would have been in place until either the car was repaired or deemed to be a total loss. As I can't make an assessment of how long that would have been, I've used the date Mr H purchased a replacement car as the basis for how long the courtesy car would have been required. The courtesy car appears to have been returned on 3 August 2023, based on Admiral's claim notes. Mr H purchased a replacement car on 2 September 2023. We asked whether Mr H had any evidence of the additional travel costs he incurred during this period, for example train or bus fares, but due to the length of time since this happened he was unable to locate this.

I think a fair settlement for the loss of use of the courtesy car would therefore be to pay £10 per day for this, which is in line with our previous approach to these types of situations. As the relevant period was 29 days, I believe Admiral should pay £290 for the loss of use.

The responses to my provisional decision

Both Admiral and Mr H responded to my provisional decision.

Admiral accepted what I'd provisionally concluded and made no further comments on my suggested redress.

Mr H's response didn't dispute my provisional findings or how I'd suggested the complaint should be resolved. He asked that we ensure my final decision is published for future reference, and that I set a limit for when Admiral should reassess the claim.

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.

As neither party has disputed my findings or suggested redress, I don't intend to repeat them here. I remain satisfied that Mr H's complaint should be upheld, for the reasons given, and that the compensation and other redress I'd outlined is fair.

I will briefly address the points made by Mr H. In line with our rules, anonymised versions of final decisions are published on the service's website. The anonymised decisions are searchable and include the name of the financial business complained about.

Finally, as I said in my provisional decision, we aren't claim handlers and I don't think it would be fair for me to place a time limit on Admiral to reassess the claim. Insurers are expected to handle claims promptly and effectively, regardless of whether a complaint has been made about them.

I note Admiral previously acknowledged there were delays and issues with the customer service provided to Mr H during the course of the claim before the complaint was referred to our service. If Mr H is unhappy with the amount of time taken by Admiral to reassess the claim after we inform it of an acceptance of our decision, then he may be able to make a new complaint and refer that to our service for consideration if he's dissatisfied with Admiral's response.

My final decision

I uphold Mr H's complaint. To put things right, Admiral Insurance (Gibraltar) Limited must:

- Reassess Mr H's claim in line with the remaining terms and conditions, without relying on the incorrect fuel exclusion.
- In the event of making a settlement, paying simple interest at a rate of 8% per year on the settlement amount from the date the claim was declined to the date of final settlement.
- Pay £500 compensation.
- Pay £290 for the loss of use following the withdrawal of the courtesy car.

Admiral Insurance (Gibraltar) Limited must pay the compensation and loss of use amounts within 28 days of us telling it Mr H accepts this decision. If it does not, it must pay compensation at a rate of 8% on these amounts from that date to the date of final settlement.

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

Ben Williams
Ombudsman