

## **The complaint**

Mr R has complained about the way Admiral Insurance (Gibraltar) Limited dealt with a cancellation of his car insurance policy.

## **What happened**

In November 2023 Mr R bought a car insurance policy with Admiral. In December 2023 Admiral gave Mr R seven days' notice of cancellation due to incorrect information it said he had provided.

Mr R contacted Admiral to cancel the policy. Admiral did this as a cancellation led by Mr R. In other words, not as a cancellation by an insurer. But it updated its internal records to show a cancellation by it.

A customer should declare a cancellation by an insurer if asked when applying for insurance. But a customer doesn't need to declare a cancellation they requested. Having a policy cancelled by an insurer can lead to significant limitations on purchasing future insurance and can negatively impact the price a customer pays.

In July 2024 Mr R bought a car insurance policy with Admiral. Admiral gave Mr R seven days' notice of cancellation as it said he hadn't declared the previous cancellation by it from December 2023.

Mr R complained to Admiral. In response, it accepted it hadn't carried out the cancellation correctly in December 2023. Admiral said it shouldn't have allowed Mr R to cancel the policy in December 2023. Admiral says it should have cancelled it, but it didn't follow its own process.

Admiral said it correctly cancelled the second policy in July 2024 due to concerns it had under the fraud term of the policy. It said if it had correctly cancelled the previous policy, it wouldn't have offered Mr R insurance in the future. For the poor service in how it cancelled the previous policy, it paid Mr R £100 compensation. It said the latest cancellation by Admiral was correct, and so Mr R would need to declare this cancellation to future insurers.

Mr R asked us to look at his complaint. He said he's had to pay a much higher premium for car insurance as a result of the cancellation of his previous policy by Admiral.

One of our Investigators didn't think Admiral had acted reasonably. Had Admiral not caused the errors it did in December 2023, Mr R wouldn't have been offered the policy in July 2024 which led to Admiral processing a cancellation. So the Investigator recommended Admiral do the following:

Remove any record of Admiral cancelling a policy in Mr R's name. This should include updating all relevant shared insurance databases.

Provide a letter to Mr R clearly explaining the errors associated with the setting up and subsequent cancellation of his second policy were through no fault of his own. This should include confirmation that all appropriate records have been updated, allowing his current insurer to retrospectively adjust any increased premiums he's paid.

In recognition of the distress and inconvenience caused, he recommended Admiral pay Mr R an additional £100 compensation, on top of the £100 already offered.

Mr R accepted the Investigator's view. Admiral didn't agree and wants an ombudsman 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, I agree with the Investigator's recommendations.

Admiral didn't follow its process when it cancelled Mr R's policy in December 2023. Where there are concerns, we think it reasonable for an insurer to give a customer an opportunity to respond to the concerns it has, before deciding to cancel a policy.

Admiral allowed Mr R to cancel the policy in December 2023, but failed to update its records to show the same.

Because of its error, Mr R was able to buy another policy with Admiral in July 2024. So I don't think it fair for Mr R to have a policy cancellation recorded against him for the July 2024 policy. Had Admiral not made its errors in the cancellation of the previous policy, Mr R would not have been able to buy the July 2024 policy.

So I am upholding this complaint and I agree with the Investigator's recommendations to put things right. I think Admiral should pay Mr R an additional £100 compensation for the distress and inconvenience caused.

### **My final decision**

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- Remove any record of a cancellation by the Admiral Group in Mr R's name and update all relevant shared insurance databases.
- Provide Mr R with a letter setting out the error in cancellation of his policy was through no fault of Mr R's. Confirm all shared database records have been updated. Mr R can show this letter to his current insurer to ask it to retrospectively adjust any increase in premium he has paid as a result of the cancellation record against his name.
- Pay Mr R £100 compensation, in addition to the £100 already offered or paid for the distress and inconvenience caused. So a total of £200 compensation.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mr R accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 May 2025.

Geraldine Newbold  
**Ombudsman**