

The complaint

Mr I and Mr L complain about the way Admiral Insurance (Gibraltar) Limited handled a claim they made on a motor insurance policy.

Whilst the policy is in joint names, Mr L has been the main correspondent, as such, for ease I've mostly only referred to him in this decision.

What happened

Mr L's car was stolen in May 2024. Admiral made some enquiries as part of its claim validation process but in August 2024 it declined the claim. It said it considered Mr L had deliberately attempted to mislead it over the circumstances surrounding the incident.

Mr L told Admiral he considered the allegations were false and libellous and asked for transcripts of interviews Admiral had held with himself and Mr I. He also instructed solicitors who wrote to Admiral to complain about its decision. In October 2024 Admiral responded with a complaint final response letter (FRL). It said it accepted the claim wasn't fraudulent and said it would accept it. It said in recognition of its error in declining the claim it would pay £300 compensation for the trouble and upset caused. And £25 for the delay in responding to the complaint.

Unsatisfied with Admiral's response, Mr L referred his complaint to this Service. He said he wanted a full apology from Admiral and appropriate compensation for the harm caused by it. Mr L said both he and Mr I held positions of responsibility and their roles had been put at risk by Admiral's false accusations. He felt £5,000 compensation was appropriate. He also wanted Admiral to reimburse his legal costs and as Admiral had accepted it caused a delay in the claim, he said it should pay car rental costs at £3,000. He also felt that the insurance policy should be reinstated, with a pro-rata refund due and he wanted confirmation that the accusation made by Admiral hadn't been recorded everywhere. He also wanted assurance Admiral would take steps not to make defamatory statements to other retail customers.

Our investigator said Admiral should reimburse Mr L's car hire costs from the point when the claim was incorrectly declined, until it settled the claim. She said it should do so on receipt of receiving evidence of Mr L's hire car costs.

She was satisfied Admiral had issued an apology in its complaint response, and that it had confirmed no information had been recorded internally or externally relating to any fraud accusations. She said whilst Admiral's unfair decline of the policy had caused Mr L and Mr I unnecessary worry, she felt £325 was fair and reasonable to account for that. She didn't think it needed to pay Mr L's legal costs. She also said the policy had ended as a total loss payment had been made, so she wouldn't ask Admiral to reinstate it and there was no refund fairly due.

Admiral accepted the outcome, but said it would require proof of what Mr L paid for his hire car. Mr L asked for an Ombudsman to consider matters. He said the legal costs were necessary as a result of Admiral's actions and would be payable if he'd taken Admiral to court and won. He also said having read our external guidance on compensation awards, the compensation awarded wasn't in line with that.

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.

Admiral accepts that it shouldn't have declined the claim on the basis that it was fraudulent. So the only thing for me to consider is whether its actions to put matters right were fair and reasonable.

Where a business makes a mistake, my role is to put Mr L in the position he would've been in (or as close as possible) had the mistake not occurred. But this Service doesn't have the ability to punish or fine a business for making a mistake in a claim process.

Admiral's mistake was declining the claim in August 2024, rather than accepting it. Had it accepted the claim then, it would've settled it with a total loss payment promptly in August 2024. But the insurance policy would still likely have ended, without any refund of premium, owing to the total loss claim. So like our Investigator I'm satisfied there is no refund due under the policy.

However, had Admiral settled the claim in August 2024 Mr L wouldn't have had additional car hire costs. As such I agree it's fair that Admiral pays Mr L's car hire costs from the date it declined the claim (which Admiral has said was 21 August 2024) until it settled the claim on 22 October 2024. Mr L hasn't provided any invoice relating to his hire costs, so he'll need to provide that to Admiral.

Mr L has said Admiral accepts it caused a delay in the claim, so it should pay more costs. But Admiral didn't accept it had caused delays in the claim up to the point of its claim decision. It only accepted it delayed responding to Mr L's complaint. And having reviewed the timeline, I'm satisfied Admiral didn't cause any unreasonable or avoidable delays between June and August 2024, when it made its claim decision. So it follows I'm not going to ask it to consider any hire costs incurred during that period.

I can see why Mr L has made an argument for his legal costs to be reimbursed. He's said but for Admiral's decline of the claim, he wouldn't have instructed legal assistance. And he's made the point that a court would award such costs if the matter had gone to court and the judge had ruled in his favour. But I don't think the fair and reasonable outcome in this complaint is for Admiral to reimburse Mr L's legal costs.

Mr L didn't need to instruct solicitors in order to make a complaint about Admiral's claim decision, he could've done so himself. So I don't consider those costs incurred are a natural consequence of Admiral's actions, and as such should be reimbursed. I'd expect Admiral to carefully consider any complaint, whether it was brought by an individual or by a legal representative. I can understand why Mr L felt this might be the best option for him, given his worry of a potential impact on his job, but I'm still not persuaded this means Admiral should be refunding the legal fees. Whilst they might be awarded by a court, this is an informal service, that doesn't award costs or damages in the same way a court might.

Admiral should, when accepting it got something wrong, take into account the impact of its mistake on its policyholders. Admiral did say it was sorry for the distress caused in its final response letter, which I consider it was appropriate to do. And it did make an award of compensation of £325 in recognition of the distress it had caused. Whilst Admiral broke this figure down, attributing the £25 to a delay in processing the complaint, this Service considers compensation awards holistically, rather than attaching certain amounts to individual items.

Having considered our compensation guidelines, I'm not going to ask Admiral to increase the amount. I don't agree that our approach to compensation awards means we'd require Admiral to pay £5,000 compensation in the circumstances of this complaint. Whilst I understand Mr L was worried that any fraud accusation would have an impact on his and Mr L's job, there's nothing to suggest that it actually did. And Admiral did retract any

allegation of fraud in its October 2024 complaint response. It has also confirmed to this Service there is no record of any such accusation saved internally or externally. Clearly, being wrongly accused of fraud would be deeply upsetting. And even more so if Mr L was worried it could impact his or Mr I's job. But I can only make awards for what did happen, not what *might* have happened. I'm satisfied in that making an award of £325, Admiral recognised it had caused unnecessary upset to Mr L and Mr I and took steps to recognise the impact with an apology and a compensation award. So, I'm not going to require it to pay any further amount.

I agree with Mr L that Admiral shouldn't accuse people of acting fraudulently without proper care and consideration. But I can't require it to take steps to change its processes; it simply isn't the role of this Service. That being said, respondent businesses should learn from decisions this Service makes. So I hope this provides some reassurance to Mr L that in him raising the complaint, it might help to prevent others from finding themselves in a similar position.

My final decision

My final decision is that I uphold this complaint. I direct Admiral Insurance (Gibraltar) Limited to:

- Reimburse Mr I and Mr L's hire car costs from 21 August 2024 until 22 October 2024, upon receipt of them providing invoices for the hire. To the sum it pays, it will need to add 8% simple interest* onto the amount from the date the hire costs were paid, until the date they are settled.
- Pay Mr I and Mr L £325 compensation, if it hasn't done so already.

*HM Revenue & Customs may require Admiral to take off tax from this interest. If asked, it must give Mr L and Mr I a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I and Mr L to accept or reject my decision before 7 May 2025.

Michelle Henderson
Ombudsman