

The complaint

Mr T complains about delays and poor quality repairs when he made a claim on the car insurance policy he held with Admiral Insurance (Gibraltar) Limited ('Admiral').

What happened

In May 2022, Mr T had an accident which damaged his car. So, he contacted Admiral to make a claim. Admiral gave Mr T the choice between two different garages and, after selecting one, his car was taken in for an inspection.

Mr T says the car was originally returned to him in September 2023, but he found the car to be in poor condition and faults were being displayed on the dash. So, he returned the car to the garage for remedial work, after which the repairs were completed in November 2023.

In March 2024, while Mr T was driving the car, the driveshaft fell out of the gearbox damaging the driveshaft itself and the engine bay. Mr T reported this to Admiral, who arranged for an independent assessor to carry out an inspection. Following this inspection, Admiral concluded the driveshaft fault wasn't related to the quality of repairs its garage had previously carried out. So, it didn't agree to any further repair work.

Mr T complained to Admiral about how long the claim had taken to deal with, the quality of repairs – which Mr T believed had caused the driveshaft fault, and the final cost of the repair – which had increased significantly from Admiral's original estimate.

Admiral provided a final response to the complaint in June 2024. It didn't uphold any part of the complaint, and in summary it said:

- It has the right to decide how to deal with a claim and the repair estimate was well within the limits of what was economic to repair.
- It's in house engineer agreed with the findings of the independent assessor report, so it didn't agree the driveshaft fault was related to the quality of repairs. And it didn't think there was any evidence to support Mr T's comment that the independent assessor was biased towards the garage.
- It found no obvious or deliberate delays had occurred.

Our investigator thought the complaint should be upheld. He said:

- We couldn't consider Mr C's complaint about not being provided with a courtesy car, as he hadn't raised this with Admiral. So, he'd first need to complain directly to Admiral about this.
- The policy terms gave Admiral discretion to decide whether to settle the claim by repairing the car or paying a total loss, and he didn't think Admiral had exercised that discretion unfairly by carrying out repairs because even though the costs increased

from the initial estimate, the additional costs were documented and approved by Admiral's engineers.

- He didn't think Admiral had caused any avoidable delays on the claim and the length of time the repairs had taken was due to Mr C's car being a new sports car and delays getting parts from the manufacturer, which was outside Admiral's control. He also thought the length of time taken by Admiral to look into the driveshaft fault in March 2024 was reasonable.
- Mr T had paid for another independent assessor to inspect the car, and the independent assessor Admiral had instructed carried out another inspection after Admiral had provided its final response. He thought the findings from these inspections showed the driveshaft fault had likely been caused by a poor quality of repairs.

So, to put things right, the investigator recommended Admiral do the following:

1. Pay Mr T for the full repair of his car, including any damage linked to the original repair.
2. Reimburse Mr T £1,503.19 paid for driveshaft parts, £1,400.89 paid as a repair deposit, £1,092 paid in storage costs, £1,200 paid in transport costs and £900 paid for an independent assessor's report.
3. Pay simple interest to Mr T at a rate of 8% per year from the date the claim was logged up to the settlement of the claim.
4. Pay Mr T £250 to compensate him for the distress and inconvenience caused by the poor quality of repairs to his car.

Mr T thought that Admiral should do more than this, and Admiral didn't reply some of the investigator's recommendations. So, the complaint was referred to me to decide. I issued a provisional decision upholding the complaint, and I said:

"Delays

Mr T complained about the initial length Admiral took to complete the original repairs, and the length of time it took to investigate the drive shaft fault. I'll begin with the initial repair period.

Mr T reported his claim in May 2022, but it took until September 2023 for his car to be returned to him. And shortly after this, he says the car needed to be returned to the garage for remedial work, meaning the original repairs weren't completed until November 2023.

I don't think Admiral commented on why the original repairs took so long in its final response. So, I've checked if Mr T complained about those delays. I'm satisfied that he did, as a note in Admiral's claim file dated 23 April 2024 says a complaint was registered that Mr T was unhappy with the length of time taken to repair the car.

The length of time repairs might take can vary on factors such as the severity of the damage and the availability of parts. So, there isn't a set timeframe which I can say the repairs should have taken. I've instead looked at the individual circumstances of this complaint to see if Admiral caused any unreasonable delays.

Admiral said the repair was extensive and required specialist equipment to measure and repair the vehicle. I think that's reasonable and given the type of car Mr T had I think the repairs likely would have unavoidably taken longer than would usually be expected. I also understand that difficulties in obtaining parts contributed to the overall length of time, which is something which was outside Admiral's control.

So, I think there were delays in completing the repair which were unavoidable. But Admiral also said at one point in the claim a wrong part was ordered and fitted to the car, so I think this likely caused an avoidable delay while it was being rectified.

The investigator said we couldn't consider Mr T's complaint about not being provided a courtesy car, as it hadn't been shown Mr T had already complained to Admiral about this.

But I think this part of Mr T's complaint is ancillary to his complaint about the delays and as such can be considered here.

Admiral says Mr T wasn't provided with a courtesy car because he had access to other vehicles, and didn't need one. Mr T doesn't dispute this. He says he owns a work van and used this for around the first six months of the claim.

But in November 2022, Mr T decided to buy another car, and he's provided an invoice from a dealer showing he paid £63,000 for a new, unused car which he sold on 28 May 2024 for £41,200. Mr T says Admiral should pay him the difference.

I don't think it would be reasonable to require Admiral to pay this difference. I say this because Mr T already had another vehicle he was using to get around before buying the replacement car. And had Mr T needed alternative transport six months into the repair process, he would have needed to mitigate his loss. But I don't think he did so by buying a new, unused car with the intention to later sell it. It isn't unforeseeable that the value of a new car will depreciate. And the difference between the purchase price and sale price of the new car Mr T bought was substantial.

The cost of the claim

Mr T complained that Admiral dealt with his claim by carrying out repairs instead of paying a total loss settlement. Admiral said that although the repair costs did increase from their original estimate, the car was still economic to repair.

I've reviewed the policy terms. These say Admiral will decide how to settle the claim and will either pay to repair the car or pay a cash sum to replace the damaged vehicle. Although the policy terms gave Admiral the discretion to decide how to deal with the claim, I've considered if it exercised that discretion fairly.

Usually, a car will be written off either if it can't be repaired, or if it would be uneconomic to repair. Mr T's car was never deemed to be irreparable, so, I've considered if Admiral reasonably should have decided the car was uneconomic to repair.

I've referred to motor valuation guides to see out how much the car was worth at the time of the original accident. I've obtained the following valuations from two different guides: £97,250 and £112,000.

The original repair estimated dated 30 May 2022 placed the total cost of repairs at £22,430.35. But Mr T says the final repair cost was £71,028.94, and he's provided a copy of the repair invoice from the garage showing this.

According to the repair invoice Mr T provided from the garage, the pre-accident value was £96,030, and according to the independent assessor's report from the inspection Admiral arranged, the pre-accident value was £112,000.

Using the highest valuation of £112,000, the final repair costs were 63% of the value of the car. Bearing in mind that Admiral could have recovered some of the costs of paying a total loss settlement from the salvage of the car, the final repair cost against the value of the car was within the range where an insurer might consider writing a car off as uneconomic to repair.

But Admiral didn't know at the outset what the final repair cost would be. It could only go off the estimate it had - which indicated the car was economic to repair. As the repair costs increased, Admiral could have considered writing the car off as the process went on. But, if it had decided to write the car off after repairs had started, it would have needed to pay any repair costs which had already accrued plus a total loss settlement to Mr T for the pre-accident value of the car. And I think it's likely the cost to do that would've been less economic than completing the repairs.

So, I don't think it was unreasonable that Admiral didn't write the car off as uneconomic to repair.

Quality of repairs

Admiral didn't dispute the investigators view that Mr T had provided more persuasive evidence to show the quality of repairs was poor. So, other than to say that I agree based on the available evidence that it's likely the subsequent fault in March 2024 was due to a poor quality of repairs carried out by Admiral's repairer, I don't think I need to comment any further on the merits of this complaint point.

So, I've considered the impact, and what Admiral should do to put things right.

I understand that Mr T would still like to have the car written off. But I don't think that would be reasonable since Mr T has already spent £1,503.19 on parts and paid a £1,400.89 deposit for repairs which have not yet been carried out at his repairer of choice. These costs would seemingly go to waste were Admiral to pay a cash settlement to Mr T instead of repairing the car. And I don't think it would be fair to require Admiral to pay Mr T both a cash settlement for the value of the car and reimburse him the £1,503.19 and £1,400.89 costs he has already paid to his repairer.

I think it would be more reasonable for Admiral, upon receipt of an estimate, to pay for the cost of repairs at a repairer of Mr T's choice to put right the damage caused in March 2024 by the previous failed repair.

I acknowledge Mr T has requested interest also be paid on these repair costs. But I don't consider that reasonable or in line with our usual approach. Where we award interest, we do so to reflect that a consumer has been deprived of funds which they otherwise would not have been had a business not acted unfairly. Other than the £1,503.19 cost for parts, and £1,400.89 deposit, Mr T hasn't yet paid for the repairs which are required to the car and thus has not been deprived of what the remaining repairs will cost.

In addition to covering the repair costs, if the deposit Mr T has already paid, and parts Mr T has already paid for are utilised in this repair, and are agreed to have been required to rectify the damage caused by the March 2024 incident, Admiral should also reimburse Mr T the £1,503.19 and £1,400.89 costs. Since these are expenses Mr T has already incurred, it

should also apply eight percent simple interest per year from the date Mr T paid for these costs to the date of settlement to any refund paid.

I think Mr T has been caused a lot of distress and inconvenience due to the quality of repairs. There is additional inconvenience to Mr T of further requires needing to be carried out on the car, and, although I understand Mr T wasn't hurt in the incident, I think the driveshaft falling out of his car will have caused him a great deal of upset. So, I think compensation is warranted for the distress and inconvenience caused by the poor quality of repairs.

Other remaining issues

Mr T paid £900 to obtain his own independent report. I think it's reasonable for Admiral to reimburse Mr T this cost since the report showed the quality of repairs were poor and the cost of obtaining this report would have been avoided had Admiral taken responsibility sooner for the repairs. It should also add eight percent simple per year to this refund from the date Mr T paid for the report to the date of settlement to reflect Mr T was deprived of those funds for that time.

Mr T has also provided invoices totalling £2,292 for transport and storage costs he incurred in having the damage to his car assessed following the March 2024 incident.

Our investigator recommended Admiral reimburse these costs plus interest saying he considered them directly related to the claim and consistent with the cost of storing and transporting a car of this type.

Admiral didn't respond to this recommendation or provide any further comments.

I think it's likely Mr T would have avoided paying these costs had Admiral taken responsibility for the additional damage which occurred in March 2024 and that the costs relate to the assessment of the damage to the car which resulted from this incident. So, I'm intending to require Admiral to reimburse Mr T these costs in addition to applying eight percent simple interest per year from the date Mr T paid the costs to the date of settlement.

Mr T says that he suffered financial difficulty due to being unable to sell the car. So, he took out a bridging loan to fund an extension to his home. Mr T says that he had originally planned to sell the car and use the proceeds of the sale to fund this work. I think this expense arose because of Mr T's decision to extend his home rather than due to Admiral's handling of the claim. So, I don't think it's a reasonable unavoidable financial loss Mr T suffered due to Admiral's actions and as such, I won't be requiring Admiral to refund Mr T any interest or other costs associated with his taking out of this loan.

Lastly, I've considered the distress and inconvenience caused to Mr T by Admiral's handling of the claim. In addition to delays to the repairs because of a wrong part being ordered and fitted, Mr T's car had to be returned to the repairer for rectification work after the first repairs completed in September 2023 and will now need additional repairs carried out to it. Mr T has also been inconvenienced by having to arrange his own independent inspection, and arranging for an assessment of the damage to the car in addition to the distress he was caused by the driveshaft falling out of the car whilst in use. For the impact which all of this has caused, I think it would be fair and reasonable for Admiral to compensate Mr T £750."

Admiral replied to say it had nothing further to add, and Mr T didn't provide any response.

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.

Because neither party has given me anything more to think about, I see no reason to depart from the conclusion I reached in my provisional decision. So, I've decided to uphold the complaint for the same reasons I set out in my provisional decision.

Putting things right

I require Admiral to take the following actions:

- Upon receipt of an estimate from Mr T, authorise and pay for repairs at a repair centre of Mr T's choice to rectify the driveshaft failure and resulting damage which arose in March 2024.
- If the deposit of £1,400.89 and parts cost of £1,503.19 Mr T has paid are put towards this repair and are agreed to be related to the damage caused by the driveshaft failure in March 2024, reimburse these costs to Mr T and add eight percent simple interest per year to this refund calculated from the date Mr T paid these invoices to the date of settlement.
- Reimburse Mr T £900 for the independent assessor report he paid for and add eight percent simple interest per year to this refund calculated from the date Mr T paid for this report to the date of settlement.
- Reimburse Mr T £2,292 for the storage and transport costs he incurred in having the damage to his car assessed following the fault in March 2024 and add eight percent simple interest per year to this refund calculated from the date Mr T paid these invoices to the date of settlement.
- Pay Mr T £750 compensation for the distress and inconvenience caused by its handling of the claim.

If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give Mr T a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint and I require Admiral Insurance (Gibraltar) Limited to carry out the steps I've set out in the 'Putting things right' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 12 May 2025.

Daniel Tinkler
Ombudsman