

## **The complaint**

Mrs B complains about how Admiral Insurance (Gibraltar) Limited (Admiral) dealt with a claim under her motor insurance policy for damage to her vehicle from a third party vehicle that caught fire.

References to Admiral in this decision include their agents.

In bringing her complaint to this Service, Mrs B was supported by a representative. References to Mrs B include her representative.

## **What happened**

In May 2024 Mrs B's vehicle was damaged as a result of a fire in an adjacent third party vehicle. She registered a claim online, initially saying she wanted to make a claim against the insurers of the third party vehicle. From her description of the damage to her vehicle and photographs provided by Mrs B, Admiral advised their engineer's assessment was the vehicle would be deemed a total loss, due to the vehicle's age and estimated value.

Admiral approached the third party insurer, asking they accept liability. But they didn't respond, despite Admiral chasing them. As they hadn't had an admission of liability and the vehicle likely a total loss, Admiral told Mrs B the alternative would be for her to have the vehicle repaired through a repairer of her choice, for which a policy excess would be payable (the excess would also be payable should Mrs B accept a total loss settlement). As she would be using a non-approved repairer, then she wouldn't be entitled to a courtesy car.

Admiral also said that the incident would affect her premium, even if liability was accepted by the third party insurer. As would her entitlement to No Claims Discount (NCD) unless liability was accepted. In that situation, Admiral would reinstate her NCD and seek to recover the policy excess, together with the cost of repairs if Mrs B had her vehicle repaired.

Mrs B wasn't happy at the two options, as she couldn't afford either. Nor her not being provided with a courtesy car and the loss of her NCD and subsequent increase in her premium at policy renewal, for an incident that wasn't her fault. So, she complained.

Admiral didn't uphold the complaint. In their final response issued in October 2024, on the issue of liability, they said they'd made their position clear to the third party insurer, including supporting documentation, and had followed up. But they couldn't control their actions or responsiveness, so delays weren't due to Admiral. On the impact of the incident on Mrs B's premiums, Admiral said their claims statistics showed that customers who lodged 'non-fault' incidents were more likely to go on to make further claims, which were then reflected in higher premiums. So, the incident involving Mrs B would still affect Admiral's assessment of risk (and consequently, premiums) and this was ultimately a business decision. Admiral had provided a renewal quote which Mrs B was under no obligation to accept, having time to obtain quotes from other insurers.

On having the policy excess and the NCD being affected, as Admiral hadn't received an admission of liability, should Mrs B wish to proceed with having her vehicle repaired, the

policy excess would still be payable. And her NCD would be affected until liability was determined and resolved. Should liability be accepted, Admiral would seek to recover the excess and reinstate her NCD. Admiral were also satisfied with their handling of the claim.

On their decision to deem Mrs B's vehicle a total loss, Admiral considered the nature of the damage reported by Mrs B together with the photographs. Their engineers concluded the vehicle uneconomical to repair. The policy provided for Admiral to deal with claims as they saw fit. On the courtesy car, having deemed the vehicle to be a total loss, a courtesy car wouldn't be provided. Courtesy cars were only offered where a vehicle was deemed repairable, and repairs carried out at an approved repairer, not a non-approved repairer.

Mrs B then complained to this Service, in December 2024. She was unhappy at how Admiral had handled the incident, saying her vehicle hadn't been repaired or a courtesy car provided. She was given the option of repairing the vehicle herself it being declared a total loss. But she couldn't afford wither option. And she'd lost three years' NCD as a result. She wanted her vehicle repaired, a courtesy car provided, her NCD reinstated and compensation for the increase in her premiums as well as the stress and inconvenience she'd suffered.

Our investigator didn't uphold the complaint, concluding Admiral didn't need to take any action. On the various issues raised by Mrs B, the investigator set out the timeline of the claim from it being logged. From this, the investigator concluded Admiral had contacted the third-party insurer to request they accept liability, and they couldn't be held responsible for the lack of response. On the decision to deem the vehicle a total loss, the investigator concluded Admiral had provided an alternative option of Mrs B engaging her own repairer to repair the vehicle, within the policy terms and conditions (and that a courtesy car wouldn't be provided in either option).

The investigator also thought it fair for Admiral to apply the policy excess and they'd reduced her entitlement to NCD in accordance with the policy terms. If liability were ultimately decided in Mrs B's favour, then both aspects could be reviewed, Mrs B's excess recovered and her NCD reinstated (and her premiums recalculated). On the increase in premiums, the investigator concluded Admiral hadn't treated Mrs B unfairly, based on the confidential, business sensitive information Admiral had provided. This included the claim, which Admiral factored into their risk assessment. It was a business decision for Admiral to determine what factors they included in their rating assessment, and their weighting.

Mrs B disagreed with the investigator's view and asked that an ombudsman consider the complaint. She said the view was based solely on the policy terms and conditions, without considering her financial situation. She didn't have the funds to purchase a replacement vehicle if it was written off. In that scenario, she thought Admiral would have the vehicle repaired and make a profit, which was unfair to her. Nor had Admiral contacted the third party themselves (as opposed to their insurer). She was also willing to accept use of second-hand parts to repair the cosmetic damage. The vehicle had passed its MOT, a service completed, with no mechanical issues, only cosmetic damage.

### **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.

My role here is to decide whether Admiral have acted fairly towards Mrs B.

There are several issues in Mrs B's complaint. They include, firstly, Admiral's decision to deem the vehicle a total loss or, as an alternative, for Mrs B to have the vehicle repaired at a repairer of her choice. Second, the issue of liability for the incident. Third, the non-provision

of a courtesy car. Fourth, the policy excess and NCD. Fifth, the increase in Mrs B's premiums. Overlaying these issues is Admiral's overall handling of the claim.

I'll cover each issue in turn.

(a) Total Loss or repair option

Considering Admiral's decision to deem the vehicle a total loss, they referred to the following policy terms, under *Section 1: Damage to your car* which states:

*"2. What we will pay*

*We will decide how to settle your claim and will either:*

- Pay to repair your car, or*
- Pay a cash sum to replace the damaged car or item, We may reduce the settlement, or ask you to contribute towards the repair costs, if the parts replaced were already worn or damaged or for audio/visual equipment that has been removed from your car. A decision will be based on the garage/engineers recommendation."*

These terms, which are common in motor insurance policies, mean it's Admiral's decision on how to settle a claim, including whether a vehicle is repairable or whether it should be considered a total loss. It also makes it clear the decision will be based on the assessment of their engineers or garage (repairer). In this case, Admiral's engineer reviewed Mrs B's description of the damage along with the photographs Mrs B provided of her vehicle.

Admiral's claim notes also indicate when Mrs B initially contacted them to describe the incident and damage, Admiral recorded her vehicle catching fire from the third party vehicle fire and that Mrs B's vehicle would be a total loss due to its value and age. That's a decision based on their engineer's assessment, so I can't conclude it's unreasonable. I can see from Admiral's case notes Mrs B told Admiral the vehicle didn't have much damage and was still driveable, to which Admiral said they could still pay for repairs – if Mrs B got an estimate from a repairer of her choice, which Admiral would consider. The same note records Mrs B saying she would get a quote and send it to Admiral.

Considering all these points, I don't think Admiral's position was unfair or unreasonable. Having decided it wasn't economical for them to repair the vehicle – hence deeming it a total loss – then the option of having the vehicle repaired at one of Admiral's approved repairers was no longer available. In those circumstances, it was open for Mrs B to obtain a quote from a repairer for Admiral to consider. If any such quote was deemed acceptable, then they could seek to recover the cost from the third party insurer, although without an acceptance of liability, that wouldn't have been guaranteed.

It would have been Mrs B's choice to obtain an estimate to see – if what she'd said there not being too much damage – if it was reasonable. But in the event, Mrs B didn't obtain an estimate before bringing her complaint to this Service. So, it's not possible to know whether it may have changed Admiral's position.

I recognise the point made by Mrs B about Admiral only going by the policy terms and conditions and not considering her financial position, but I can't conclude this is of itself a reason to conclude Admiral's actions were unfair or unreasonable. Ultimately it's the policy terms and conditions that apply, however unfair Mrs B believes this to be.

Mrs B also says that if she accepts the total loss settlement, Admiral will then have the vehicle repaired and sold at a profit. However, this isn't relevant to her complaint as she

hasn't accepted a total loss settlement, and she retains the vehicle (which is driveable). And in any event, were she to accept a total loss settlement, the vehicle ownership would pass to Admiral, and it would be for them to determine what to do with it. Typically, insurers have contracts with salvage agents who then dispose of the vehicle and pay the insurer a salvage value to the insurer. But that's a commercial arrangement between insurers and their salvage agents, which wouldn't fall within the remit of this Service.

So, I've not considered this issue any further.

#### (b) Liability for the accident

The policy terms also provide, again as they do in motor insurance policies more generally, for Admiral to determine liability for an incident. Under the *General Conditions* section of the policy and a sub heading *Defending or settling a claim* the policy states:

*"We are entitled to:*

- Conduct the investigation, defence or settlement of any claim on your behalf*
- Bring a claim in your name against any third party responsible for any loss or damage*
- Arrange for the repair of your vehicle and keep any amount we recover from the other insurer for the repair*
- If we, our approved repairers or another company instructed by Admiral have provided you with a courtesy car, we will be entitled to any amount we are able to recover from a third party for the cost of providing you with a courtesy car..."*

Based on Mrs B's description of what happened, Admiral concluded liability rested with the third party, so they contacted the third party insurer to request they admit liability. After some initial confusion due to the incorrect third party vehicle registration being given, Admiral wrote to the third party insurer asking them to accept/confirm liability. However, as well as being dependent on an admission of liability, Admiral's claim notes record them indicating to Mrs B they didn't feel confident of success as they would have to prove negligence on the part of the third party or failing to prevent foreseeable loss.

Admiral chased the third party insurer but didn't receive a response. I don't think that unreasonable and I can't hold Admiral responsible for the lack of response from the third party insurer. So, the claim would remain open until such time as liability was accepted, or Admiral conclude it wasn't accepted. While Mrs B didn't accept either option offered by Admiral, her claim hasn't been settled and remains open.

#### (c) Courtesy Car provision

Admiral didn't provide a courtesy car because neither the total loss option or the option for Mrs B to use a non-approved repairer mean Admiral are obliged to provide a courtesy car. The policy terms explicitly state *If you do not wish to use our approved repairers, we will be unable to provide you with a courtesy car.*" And as Mrs B didn't accept either option offered by Admiral, it wouldn't be reasonable to expect Admiral to provide a courtesy car. Had she decided to opt for the vehicle to be repaired at her own repairer, it might have included them providing a courtesy car (although in the absence of Mrs B obtaining a quote, it's impossible to know one way or the other),

I've also noted what Mrs B told Admiral about her vehicle being driveable and there not being much damage. And that the damage was cosmetic, and the vehicle had passed its MOT and a service completed, with no mechanical issues,. Which would also indicate the provision of a courtesy car wouldn't have been appropriate (or necessary).

#### (d) Policy excess and NCD

Mrs B is unhappy at the prospective payment of an excess should she decide to accept the option of a total loss settlement of the option of having her vehicle repaired. I can understand why she'd be unhappy, but the policy excess is a condition of the policy, which defines an excess as :

*"Excess – the amount you must pay towards any claim. Your excess details are shown on your policy schedule."*

This makes it clear that the excess is payable under any claim. However, as an uninsured loss, it would potentially be recoverable from the third party insurer should they accept liability for the incident.

So, I've concluded it's fair for Admiral to say the policy excess would apply to any claim Mrs B decides to make.

On the issue of her NCD, Mrs B's entitlement has reduced from five years to three. As the claim is open, this isn't unreasonable and is in line with the policy terms and conditions Under *Section 6: Your No Claims Bonus and a sub heading 2. If a claim is made* there's a table that provides for (where NCD isn't protected) for one claim to mean that at the next renewal the NCD entitlement (5 years or more) to reduce to 3 years.

As a claim has been recorded and Mrs B didn't have NCD protection, then Admiral have applied the policy terms in reducing her NCD entitlement from five years to three years. However, should the third party insurer accept liability, then Admiral would reinstate Mrs B's NCD (and she could ask them to recalculate any premium she'd paid since the incident).

I've concluded Admiral have acted fairly and reasonably in line with the policy terms and conditions.

#### (e) Increase in premiums

Mrs B is unhappy her premium has increased as a result of the incident and [an open] claim recorded. Admiral have provided commercially sensitive data that supports the increase, which I've reviewed and concluded it has been applied fairly in her circumstances.

More generally, it's a business decision for Admiral to take about the impact of a claim where one is made, including open claims or ones that are settled (either a fault or non-fault). The information provided by Admiral shows they consider a range of rating factors in determining the price (premium) for a policy. These rating factors include claims experience and history. The information from Admiral shows which rating factors have been affected by the claim and I don't think they are unreasonable.

Admiral say their claims data indicates that where a claim is made by a customer – even a non-fault claim – it's more likely they will go on to make further claims in the future. Given the volume of claims Admiral deal with, I can't conclude that's unfair or unreasonable and ultimately it's a commercial decision for them on the risk factors they apply when pricing policies, the weighting attached to those factors, including where claims are registered and the impact on the likelihood of future. Again, I can't conclude that's unfair or unreasonable.

Having reached these conclusions, I've also considered Admiral's overall handling of the claim. In doing so I've also looked at the detailed timeline of events included in our investigator's view. I can see Admiral contacting the third party insurer, who say they don't

have a claim recorded and don't accept or acknowledged liability. And with Mrs B reluctant to accept either option offered by Admiral, then there's little more I think Admiral could reasonably have done in the absence of an acceptance of liability.

Mrs B says Admiral should contact the third party directly, rather than their insurer, but I wouldn't expect that to be the case here, given the third party insurer hasn't responded (or acknowledged a claim has been made). And in the absence of Mrs B pursuing either of the two options offered by Admiral, Admiral don't have any costs to recover.

Taking all these into account, I can't conclude Admiral have acted unfairly or unreasonably, so I won't be asking them to take any further action on this complaint.

### **My final decision**

For the reasons set out above, it's my final decision not to uphold Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 17 July 2025.

Paul King  
**Ombudsman**