

The complaint

Mr N complains that Admiral Insurance (Gibraltar) Limited mishandled his motor insurance policy.

What happened

Mr N had a car that had first been registered in about 2019. Mr N acquired the car in July 2023 subject to a finance agreement.

Mr N's partner had a car that had first been registered in 2017.

For the year from 22 March 2024, Mr N had a multi-car policy with Admiral.

The policy schedule for Mr N's car said that it covered him and it also covered his partner as a named driver. The policy schedule said that Mr N had three years' no claims bonus ("NCB") that was not "protected". The cost, including interest for paying by instalments, was £1,113.26.

The policy schedule for Mr N's partner's car said that it covered her and it also covered him as a named driver. The policy schedule said that she had six years' no claims bonus ("NCB") that was "protected".

On 24 June 2024, Mr N contacted Admiral. He said that he was planning to sell his car and get a replacement car on 26 June 2024. Admiral ended cover at midnight on 25 June 2024.

Mr N had understood that he would still be covered on 26 June 2024. So on that day, he drove his car. Unfortunately, he had a road traffic accident that morning. No other vehicle was involved.

Police said that he'd been driving the car with no insurance (offence code "IN10"). Admiral told Mr N he couldn't claim on the policy. It didn't recover his damaged car or provide a courtesy car.

As his car was seriously damaged, Mr N couldn't go ahead with selling it. He didn't go ahead with getting the replacement car he wanted.

Mr N paid a £300.00 penalty and received 6 penalty points on his driving licence.

Mr N complained to Admiral that it had mishandled the cancellation.

By a final response dated 3 September 2024, Admiral accepted the complaint. It included the following:

"Having reviewed the conversation, you had with one of our advisors, I found that agent failed to advise that your cover will be end on midnight by 25/06/2024."

Admiral said that it was sending Mr N £400.00 compensation and a “letter of indemnity” for 26 June 2024.

The final response didn’t mention Mr N’s claim for his damaged car. However, Admiral treated the car as a total loss and settled the claim by making a payment to the finance company.

Mr N brought his complaint to us without delay.

our investigator’s opinion

Our investigator recommended that the complaint should be upheld. The investigator didn’t think that Admiral had acted fairly. The investigator recommended that Admiral should:

1. refund the £300.00 fine Mr N had to pay; and
2. pay £2,500.00 distress and inconvenience compensation (including the compensation issued with the final response); and
3. pay £3,202.00 to mitigate the future increase in premiums until he won’t need to disclose the conviction.

Mr N disagreed with the investigator’s opinion. He asked for an ombudsman to review the complaint.

Admiral also disagreed with the investigator’s opinion.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr N and to Admiral on 14 April 2025. I summarise my findings:

I didn’t consider that Mr N or his partner had provided enough clarity about the actual effect on his current premium of the IN10.

I was minded that, if he had waited, then the letter of indemnity would’ve persuaded the police that he had not committed the offence of driving without insurance (IN10).

Subject to any further information either from Mr N or from Admiral, my provisional decision was to uphold this complaint in part. I intended to direct Admiral Insurance (Gibraltar) Limited to pay Mr N:

1. in addition to its payment of £400.00, a further £2,100.00 for distress and inconvenience.

Mr N disagreed with the provisional decision. His partner says, in summary, that:

- Mr N had agreed to buy a petrol hybrid electric vehicle first registered in 2024.
- The IN10 wouldn’t be in place had Admiral not fell at fault with regards to their communication and their cancellation.

- Had he known at the time of receiving the conditional offer that Admiral should have advised the cancellation time/period then he would have understood he could challenge the points/fine.
- They did not know what a 'Letter of Indemnity' was.
- The points in place are NOT Mr N's fault.
- She and Mr N made a data subject access request. By late July 2024, they had listened to the calls and made a complaint.
- It is unfair to expect Mr N to pay a fine now that Admiral have provided a document to confirm that he was insured during the period of the crash.
- Mr N sold the 2011 car in February 2025.
- There are no current premiums held in Mr N's name.
- Mr N has ordered a new petrol hybrid electric vehicle – due to be delivered and registered in August/September 2025.
- On 27 March 2025, Admiral confirmed to Mr N in a live chat that he has 3 Years NCB.
- She has attached evidence of the inflation in premium (for the new car) due to the penalty points alongside the crash.
- E.g. Price of Premium without IN10 – only the crash: With Black Box – Approx £873.00 (Annually). Without Black Box – Approx £1,100.00 (Annually)
- E.g. Price of Premium with IN10 and crash: With Black Box – Approx £1,400.00 (Annually). Without Black Box – Approx £1580.00 (Annually)

Admiral hasn't responded to the provisional decision.

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.

Mr N and his partner each have a professional occupation with the same employer. I accept that their co-workers would expect him to comply with the law and to avoid mistakes.

Admiral's policy said that it would provide a courtesy car while its repairer was repairing Mr N's car, but not if his car was a total loss. That's not unusual.

Mr N had cancelled the cover before completing another policy year. So Mr N couldn't have had any more than three year's NCB.

Admiral hadn't communicated clearly about when it would cancel the insurance.

The accident was, in my view, bound to cause Mr N distress and inconvenience. It was likely to affect his NCB and to increase his future insurance premiums. I don't find it fair to direct Admiral to compensate Mr N for the effect on his premiums of the accident, as he was responsible for that.

Mr N says that he took time off work. However, I haven't seen enough evidence to show that Admiral - rather than the accident or something else- caused his ill-health or his absence from work or a loss of earnings. So I don't find it fair to direct Admiral to compensate Mr N for loss of earnings.

I've seen evidence that Mr N paid the £300.00 penalty on 9 July 2024. His partner has confirmed that he had accepted a fixed penalty notice conditional offer of the fine and penalty points.

I've seen evidence that Mr N paid the finance company an instalment of about £410.00 on 22 July 2024.

From what he has said, Mr N complained to Admiral in late July 2024. Admiral then had up to eight weeks to provide a final response to comply with the Financial Conduct Authority's rules.

In mid-August 2024, Mr N bought a car that had first been registered in 2011. He paid about £1,600.00 for it. I don't find it fair to direct Admiral to reimburse Mr N for the cost of the 2011 car, as he has had the benefit of owning it.

I've seen evidence that Mr N insured the 2011 car with one of Admiral's competitors at a cost of about £750.00. However, I've also seen evidence that he'd told that insurer that he had 4 years' NCB. To change that to three years, the insurer charged an additional premium of about £70.00. That would make a total cost of about £820.00, excluding interest for paying by instalments.

I've seen evidence that Mr N paid the finance company another instalment of about £410.00 on 22 August 2024.

Admiral listened to the relevant call recording and accepted the complaint. To try to put things right, Admiral paid £400.00 compensation and issued a letter of indemnity. However, I accept Mr N's partner's statement that it wasn't possible for him to get the IN10 removed.

From a statement dated 4 September 2024, I see that there was a balance of about £20,500.00 due to the finance company.

From what Mr N and Admiral have each told us, it settled the claim on about 22 September 2024 by paying the pre-accident value of the 2019 car minus the excess - a balance of about £18,880.00 - to the finance company.

From a screenshot, I accept that Mr N paid about £1,600.00 to the finance company on 23 September 2024. That cleared the finance agreement. I don't find it fair to direct Admiral to reimburse Mr N for his payments to the finance company as he had an existing commitment to making those payments.

Different insurers assess risk and set premiums in different ways at different time. Generally, an IN10 will increase premiums, but the effect of this will be more in the first year than in the fifth.

On about 22 January 2025, Mr N or his partner got a comparison website to give two quotes for insurance for the year from 18 February 2025. One of them was for about £1,500.00 including interest. The other was for about £3,140.00 including interest. From the two sets of information given to the comparison website, I accept that the lower quote was without the IN10 and the higher quote was with the IN10.

However, each of the quotes was for a petrol hybrid electric vehicle first registered in 2024, valued at over £49,000.00. And I would expect quotes for such a car to be higher than for the 2011 car Mr N had.

Moreover, Mr N says that he kept the 2011 car until late February 2025. And he won't take delivery of a petrol hybrid electric vehicle until about August 2025. So I consider that the January 2025 quotes are hypothetical.

I don't consider that Mr N or his partner have provided enough clarity about the actual effect on his premium of the IN10. That's one reason why I don't find it fair and reasonable to direct Admiral to compensate Mr N for the effect on his current and future premiums of the IN10.

Moreover, Mr N accepted the conditional offer of the fine and penalty points within two weeks of the accident. He didn't wait to get the relevant call recording from 24 June 2024 or to make a complaint to Admiral.

I consider that, if he had waited, then the letter of indemnity would've persuaded the police that he had not committed the offence of driving without insurance (IN10). That's another reason why I don't find it fair and reasonable to direct Admiral to compensate Mr N for the effect on his premiums of the penalty points (or for the fine).

Response to the provisional decision

Mr N's partner responded, and I've thought about all her points.

In particular, I accept that Mr N was upset and confused after the accident when police told him he wasn't insured. Also, he wanted to avoid going to court and possibly getting a worse penalty. So he accepted the conditional offer.

However, Mr N had been party to the telephone call on 24 June 2024 and he must've tried to recall it after the accident and at the time of the conditional offer. From what his partner has said, he chose to accept the conditional offer straight away.

The DSAR and complaint to Admiral came later. And by early September 2024, Admiral provided a letter of indemnity, that I consider would've persuaded the police or a court that Mr N wasn't guilty of the offence of driving without insurance.

So I still don't find it fair and reasonable to direct Admiral to compensate Mr N for the effect on his premiums of the penalty points (or for the fine).

I accept that Mr N sold the 2011 car in late February 2025 and has ordered a petrol electric vehicle for delivery in August or September 2025. And he has got (in April 2025) insurance quotes for such a vehicle that show the effect of having an IN10.

However, from mid-August 2024, Mr N insured the 2011 car at a yearly cost of about £820.00, excluding interest. I infer that he cancelled his policy in February 2025 and received a rebate of the cost for the period until mid-August 2025.

Mr N currently has no vehicle to insure, so the IN10 is having no effect on the cost of his insurance until he gets the new car in August or September 2025.

In my view, Mr N and his partner have still not provided enough clarity about the actual effect of the IN10 on the cost of insurance to date. I don't find it fair and reasonable to direct compensation by reference to the expected effect of the IN10 on the cost of insurance for a much more valuable vehicle to be delivered over a year after the IN10.

Putting things right

Nevertheless, Admiral had caused Mr N further distress and inconvenience, including getting the alarming news in the back of a police car that the relevant database said that he was uninsured.

The distress was made worse when there was a published article saying that an uninsured driver had caused the accident – and Mr N's co-workers knew it was him.

Overall, I find it fair and reasonable to direct Admiral to pay Mr N, in addition to its payment of £400.00, a further £2,100.00 for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance (Gibraltar) Limited to pay Mr N, in addition to its payment of £400.00, a further £2,100.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 28 May 2025.

Christopher Gilbert

Ombudsman