

## **The complaint**

A limited company which I will refer to as T complains about the handling and settlement of its commercial motor insurance claim by Admiral Insurance (Gibraltar) Limited.

## **What happened**

The following is intended only as a brief summary of the key events surrounding this complaint. Additionally, even where other parties have been involved, I have largely just referred to T and Admiral for the sake of simplicity.

T had a van insured by a commercial motor insurance policy underwritten by Admiral. The policy was actually in the name of T's director, but Admiral has agreed that T is entitled to bring this complaint. At the start of May 2023, T claimed for damage to this van. Admiral accepted the claim and started the process to have it repaired.

It took until mid-June 2023 for the van to arrive on site with the garage that ultimately carried out the repairs. This garage was an approved repairer of Admiral, and Admiral is ultimately responsible for its actions in relation to this complaint. As a result, I have just referred to Admiral rather than the garage.

Admiral offered T a courtesy vehicle in June 2023. But T turned this down, as it was not suitable for its commercial needs. T instead hired a different vehicle.

The damage was assessed, and parts were ordered. At this point, it seems Admiral became aware that the parts were on back-order with the manufacturer. No estimated time was provided for when these parts would be available. T did chase Admiral for the claim and repairs to be progressed. However, it was not until December 2023 that the repairs were completed, and T had its van returned.

T had by this point raised a complaint about the claim handling and the fact that T needed to hire a replacement van. Admiral apologised for the delays and claim handling, offering T £150 compensation for this. But it said that the fault was that of the manufacturer and that Admiral was unable to control this supply issue. Admiral did say that it ought to have offered T a courtesy vehicle, and offered to pay T the amount it would've cost Admiral to provide this for the period from early May to mid-June 2023 – when T had declined the offer of this vehicle. But it said that it was unwilling to cover the cost of the vehicle T had hired, as this is not something T was entitled to under the policy.

T brought its complaint to the Ombudsman Service. Our Investigator recommended the complaint should be upheld. He thought Admiral should cover the actual costs T incurred over the period from early May to mid-June 2023. He also recommended that Admiral should pay T just over £20 per day for the loss of use of its van for the period from mid-June 2023 until T received its vehicle back. This was the amount Admiral said it would have cost it to provide the courtesy vehicle. And the Investigator said that Admiral should pay T an additional £100 compensation.

Admiral did not agree with this. It said it had correctly followed the terms and conditions, and

offered T a courtesy vehicle, but this was declined. So, it didn't consider it should be liable for anything further. As our Investigator was unable to resolve this complaint, it was passed to me for a decision.

I issued my provisional decision on 16 April 2025. The following is an extract from that decision:

"I have considered the terms of T's policy. But I have also borne in mind the requirements on Admiral when dealing with claims. Admiral is correct in saying that it is not responsible for the issues with the part being available from the manufacturer. But this does not remove the obligations it has to deal with claims promptly and fairly.

In thinking about this complaint, it is necessary to consider what would otherwise have happened. The vehicle ought to have been placed with a garage in early to mid-May 2023. And T ought to have been offered a courtesy vehicle. This is all that T is entitled to under the policy whilst a repair of its vehicle takes place.

It is though clear that T would not have accepted the courtesy vehicle had it been offered earlier. I consider T would always have taken the decision to hire its own vehicle. And, given the policy does not extend to this, I do not consider it is fair and reasonable for Admiral to be required to cover the full cost of this for the initial period of the claim.

It would be reasonable for Admiral to make a contribution to this cost though, and its offer to pay T the amount it would've cost Admiral to provide a courtesy vehicle for this period is reasonable. But I disagree with our Investigator that Admiral needs to pay more than this – at least for this initial period.

The issue though is what ought to have happened then. Once the part had been ordered, it ought to have been identified that there were issues with the part being available. It isn't clear what sort of understanding there was about the timescale for this part to be provided. Certainly, by October 2023, Admiral was aware that there was no estimated delivery date. But it would seem most likely that there never was any indication of an estimated delivery date. Nothing in the submissions indicate Admiral initially expected a quick delivery and was then let down. So, I am persuaded that the estimated delivery date was always unknown.

It would be reasonable for an insurer to wait for a certain period for a part, before deciding alternative action was required. However, bearing in mind the obligation on insurers to deal with claims promptly and fairly, there would come a point where Admiral would need to consider if different action was required.

Admiral would effectively have two options; either to consider the vehicle a total loss or put the claimant in a position they would be if their vehicle had been repaired.

In terms of option one, an insurer could consider the vehicle unrepairable – due to the lack of the required part – and settle the claim on the basis of the vehicle's market value. Once the part then became available, the insurer could repair the vehicle and sell it, in order to recover the majority of its costs.

In terms of option two, the insurer would need to provide the claimant with a replacement vehicle on a like-for-like basis. The policy T has does not require Admiral to provide a like-for-like replacement during a period of repair. But, by not providing a prompt repair, Admiral would effectively not be meeting its obligations under the policy and, if necessary, would need to take action that went beyond what the policy provided.

So, in the circumstances of this complaint, I consider Admiral ought to have ordered the part in mid-May 2023. It would then be reasonable for it to wait around a month and a half for the part to either be delivered or for it at least to be confirmed that the

part would be provided soon. At that point, given there was still no estimated delivery date, it needed to take one of the two steps outlined above.

Ultimately, T's vehicle was repaired and returned. So, redressing this situation with option one is not appropriate. Admiral should though have provided T with a like-for-like replacement by the start of July 2023. In this case, as T had already done this, it is fair and reasonable for Admiral to pay the hire costs T actually incurred from this point onwards. These costs were a consequential loss T suffered as a result of Admiral's inability to deal with the claim promptly and fairly.

I should also add that T has been without this money since it was paid. And it is fair and reasonable that Admiral add interest to any amount over what it has already paid, from the date that loss was incurred to the date of final settlement. In the absence of any evidence of a more suitable level of interest, I consider it is fair and reasonable that this should be calculated at 8% per annum.

Additionally, Admiral has recognised that it ought to have handled the claim and communicated with T better. But, given the length of time the claim took to be resolved, and the fact T would have had to continue to arrange its own hire vehicle after the point Admiral ought to have provided a like-for-like, I agree with our Investigator that Admiral's offer of compensation is not adequate."

I asked both parties to provide any additional evidence they wanted me to consider. T accepted the provisional decision without making any further comment. Admiral did not respond.

### **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 am upholding this complaint.

I have not been provided with a further evidence to make me alter the outcome I reached in my provisional decision. My reasoning for that conclusion is set out above, and has not changed. So, for the reasons above, I consider this complaint should be upheld.

### **Putting things right**

Admiral Insurance (Gibraltar) Limited should put things right by:

- Paying T £20.23 per day (the amount it would have cost Admiral to hire the policy provided courtesy vehicle) from 3 May 2023 to 30 June 2023, and
- Paying T the actual cost it incurred in hiring a replacement vehicle from 1 July 2023 until its vehicle was ultimately returned.

T will need to provide Admiral with evidence of these costs.

Admiral can deduct, and does not have to pay again, any sums it has already paid in respect of loss of use from this amount.

Admiral should then add interest to the balance from the date T incurred the costs of hiring a replacement vehicle, over this period following 1 July 2023, to the date of settlement. This interest should be calculated at 8% per annum.

Admiral should also pay T £250 compensation in total. Again, Admiral is entitled to deduct any compensation it has already paid, in relation to this complaint, from this amount.

**My final decision**

My final decision is that I uphold this complaint. Admiral Insurance (Gibraltar) Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 29 May 2025.

Sam Thomas  
**Ombudsman**