

## **The complaint**

Mr B and Mrs B complain that Admiral Insurance (Gibraltar) Limited (Admiral) unfairly sent a debt relating to their motor insurance policy to a debt recovery company. And withdrew their claim.

References to Mrs B or Mr B, will include the other.

## **What happened**

Mr B made a claim on his motor insurance policy after an incident with a third-party in August 2023. The claim was progressed by Admiral and the third-party claim was paid. The claim for Mr B's losses was being validated.

In March 2024 Mr B was found guilty of driving without due care and attention at the point of the incident and his driving licence was revoked. His mother was added as the administrator of the policy for the remaining term of cover.

The policy wasn't renewed at the end of the term of cover in March 2024. On 30 April 2024 Mrs B received a letter from Admiral which said it had tried to take out £1,944 from her bank in September 2023. It said this amount was still due and she should contact it to organise payment. Mrs B was not aware of anything being requested from her bank or of an outstanding amount due.

Admiral said the overdue amount was for outstanding policy premiums and it was due to be paid. It also said the claim for damage to Mr B's car would not be paid. Because the outstanding amount wasn't paid Admiral sent this to a debt recovery company in May 2024.

Because Mrs B was not happy with Admiral, she brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and agreed the amount Admiral said was outstanding was due to be paid but felt Admiral's communication could've been clearer. They said Admiral should arrange a suitable payment plan for the outstanding debt without any additional interest, giving them time to pay. They said it should also remove any adverse credit markers which may have been made on either Mr B or Mrs B's credit records. And compensation of £100 should be paid for the lack of clarity in its communication regarding the debt.

As Mrs B is unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

## **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.

When Mr B took the policy out in March 2023, he organised to pay the policy premiums in instalments via a credit agreement over the term of the policy. I saw evidence that the monthly payments for the policy were made when due between March 2023 to August 2023.

After Mr B's accident Mrs B was added as an additional driver. A new payment schedule was sent out to Mr B on 26 August 2023. Admiral said it incorrectly cancelled the policy at this point, but it was reinstated shortly after, and it created a new payment schedule in its system. Admiral clarified to our Service it didn't attempt to take any payments from Mr B for his policy premiums from September 2023. This was a mistake, and it is likely to be due to the incorrect cancellation shortly after the new payment schedule was set up.

In March 2023 Mr B informed Admiral his driving licence had been revoked due the number of penalty points being given due to him driving without due care and attention. Admiral therefore declined to settle Mr B's own claim costs; however I saw it paid him the amount obtained for the salvage of his car. The policy wasn't renewed when due on 10 March 2024.

I looked at the terms of the policy and in the general conditions section it says;

*" 3. Care of your vehicle*

*If an incident happens, which is directly or indirectly caused or contributed to by any of the following:*

- the inappropriate conduct of the driver*
- the condition of your vehicle*
- your vehicle being left unlocked or unsecured*

*No cover under the policy will be given and instead our responsibility will be restricted to meeting the obligations as required by Road Traffic Law."*

This means although Admiral were liable to pay for the costs to the third party – which it did, because Mr B was found to have been driving without due care and attention and had his driving licence revoked due to this, Admiral wasn't liable for paying for his own losses. As per this term I agree Admiral fairly declined to settle Mr B's claim costs.

In April 2024 Admiral contacted Mrs B regarding an outstanding balance. When she received notification of this she contacted Admiral and was given a confusing explanation which included that the claim had been withdrawn, and the policy cancelled. I saw Admiral recognised that things got a bit confusing during this call, so I understand why Mrs B was confused as to what the outstanding amount related to.

The evidence provided shows the outstanding debt related to unpaid premiums for the policy for the period of September 2023 to March 2024.

I recognise Mr B and Mrs B are not happy there is an outstanding amount due to be paid. However it is due, and I shall explain why.

When a fault claim is made on an insurance policy the cost of the policy premiums are due in full because use has been made of the cover provided. In this case a fault claim was made in August 2023, and the third-party claim was settled, therefore the premiums are due in full. Although Admiral failed to collect the monthly premiums when due, Mr B should have noticed this was not being collected each month as agreed, and he could have contacted Admiral to find out what had happened.

I don't think Admiral was clear as to how the actual outstanding balance was calculated. I note that adjustments to the policy mid-term altered the cost of the policy premiums and a number of amendments to the cost of premiums were made.

Although Mr B hadn't been paying the premiums between September 2023 and March 2024 he received insurance cover for the full term of the policy, and Admiral settled a third-party claim, so he made use of the cover. Mr B's losses would've been covered under his policy if he had not been convicted of driving without due care and attention which would've meant any outstanding premiums could've been deducted from his claim settlement amount. However because there wasn't any settlement Admiral couldn't deduct the premiums from this, and so had to ask for it to be paid back.

I next considered if Admiral had given fair time to pay the outstanding amount before referring it to a debt recovery company. I am not persuaded that it did. I don't think one letter giving 14-days' notice to pay an amount of almost £2,000 was fair or reasonable.

I understand Mrs B contacted Admiral on numerous occasions after she received notification of the outstanding amount and has had to deal with regular phone calls and emails from a debt recovery company for the past months.

Therefore, I uphold Mr B and Mrs B's complaint. I require Admiral to provide them with a breakdown of the outstanding debt, which should only include costs for policy premiums, and arrange a fair payment plan for this without adding any additional interest. It must allow a fair amount of time to pay and remove any credit markers which may have been made. In addition it should pay £100 compensation for the confusion caused due to the poor communication and clarity regarding the outstanding amount and the lack of time given to settle this outstanding amount.

### **My final decision**

For the reasons I have given I uphold this complaint.

I require Admiral Insurance (Gibraltar) Limited to;

- Provide a breakdown of the outstanding debt and arrange a fair payment plan for this; allowing time to pay. This plan shouldn't include any additional interest.
- Remove any credit markers which may have been recorded on either Mr B or Mrs B's credit records.
- Pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 10 July 2025.

Sally-Ann Harding  
**Ombudsman**