

The complaint

Miss N complains Admiral Insurance (Gibraltar) Limited (Admiral) attempted to recover costs it paid under her motor insurance policy from her directly.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events. Miss N held a motor insurance policy, provided by Admiral, which ran from June 2019 to June 2020. The vehicle insured belonged to her partner who I'll call Mr X, and she said she only drove it occasionally.

In February 2020, whilst driving the vehicle Admiral insured, Mr X was involved in an accident involving a third party. Mr X didn't have a valid insurance policy at the time of the accident. In September 2020 Admiral told Mrs N as the vehicle was driven by someone not named on the certificate of insurance it wouldn't deal with her claim and may seek reimbursement of any third-party claim.

Admiral settled the third-party claim and sent Miss N correspondence asking for reimbursement of the costs it had paid. Miss N didn't think this was reasonable and so raised a complaint.

On 25 June 2025 Admiral issued Miss N with a final response to her complaint. It said it had no other option but to pay the third-party claim and repudiate Miss N's policy. It said it was correct to request recovery from Miss N. It paid £25 for a delay in responding to Miss N's complaint. Miss N didn't think this was reasonable and so referred her complaint to this Service. In the meantime, Admiral made the decision not to recover the costs it had paid on the claim from Miss N.

Our investigator looked into things. He said he thought Admiral had acted fairly when it settled the third-party claim as necessary under the Road Traffic Act 1988 (RTA). However he said he thought Admiral should have pursued recovery of its costs from Mr X as the driver of the vehicle before attempting to make a recovery from Miss N. He said he thought Miss N had been caused distress due to Admiral's actions and so it should pay her £300 compensation.

Admiral didn't agree with our investigator. It said it hadn't made any errors in seeking a recovery from Miss N as the policyholder. It said it had no contract with Mr X and so disagreed it should have sought recovery from him in the first instance.

As Admiral didn't agree with our investigator the complaint has been passed to me to decide.

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.

I want to acknowledge I've summarised Miss N's complaint in less detail than she's

presented it. I've not commented on every point she has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Miss N and Admiral I've read and considered everything that's been provided.

It's accepted Miss N's policy was the only valid insurance policy for the vehicle Mr X was driving at the time of the accident. Therefore, in the event of a third-party judgement against Mr X, Admiral would be required under the RTA to settle the third-party claim. The third-party insurers were looking to issue proceedings and Mr X's solicitor had closed its file. And so, based on the information available to it at the time, I think it was reasonable for Admiral to settle the third-party claim when it did.

Miss N has said she would like Admiral to remove the claim from her records. As Admiral have paid a claim under the policy, I'm satisfied it's reasonable for the claim to be recorded against Miss N's policy but with Mr X as the responsible party.

However, I'm not persuaded Admiral was entitled to try and recover its costs from Miss N and I'll explain why.

Under Section 151(8) of the RTA, where an insurer becomes liable to pay an amount in respect of a liability for someone not insured by a policy, it is entitled to recover the amounts from that person. It's also entitled to recover its costs from any person who is insured by the policy and caused or permitted the use of the vehicle which gave rise to the liability.

So, in this instance, under the RTA, Admiral were only entitled to recover its costs from Miss N if she caused or permitted Mr X to use the vehicle. Based on the evidence provided, I'm not persuaded Miss N caused or permitted Mr X to use the vehicle. The vehicle Mr X was driving at the time of the accident was owned by Mr X, and so I don't think Miss N was in a position to cause or permit Mr X to drive his own vehicle. Nor is there any suggestion she told or gave Mr X the impression he was covered under Miss N's policy at the time of the accident.

The terms of Miss N's policy explain if Admiral are required to pay a claim under road traffic law, which it would not otherwise be liable to pay, it will be entitled to recover payments from Miss N if she caused the loss, caused or permitted the vehicle to be driven by an uninsured driver, or through act or omissions, caused the insurance to be invalid. I'm satisfied this doesn't apply in Miss N's circumstances.

Therefore, I don't think the RTA or the policy terms entitled Admiral to recover its costs from Miss N directly.

Whilst it has now said it won't be pursuing recovery of its costs, I've considered the impact caused to Miss N by Admiral's attempts to recover its costs. It has been distressing for Miss N to receive correspondence telling her she needs to reimburse Admiral its costs which exceeded £3,000. I think the £300 compensation suggested by our investigator is reasonable to acknowledge the unnecessary distress and inconvenience Miss N was caused due to Admiral's errors.

My final decision

For the reasons I've outlined above I uphold Miss N's complaint about Admiral Insurance (Gibraltar) Limited. I require it to pay Miss N £300 compensation.

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

Andrew Clarke
Ombudsman