

The complaint

Miss B complains Admiral Insurance (Gibraltar) Limited unfairly declined a claim she made on her motor insurance policy when the vehicle was stolen.

Miss B has been, at points, represented in bringing the complaint, by a named driver on the policy. But for ease I've referred to all comments and actions as being those of Miss B.

What happened

In July 2023 Miss B made a claim to Admiral, she said her car had been stolen from her driveway overnight. In September 2023 the car was recovered. Admiral investigated the claim but in early 2024 it declined it. It thought the vehicle's key had been used to steal it. It said whilst Miss B had provided it with a key, the data from that key showed it hadn't been used for around a year before the car was stolen. It said there were two keys coded to the car, so it considered the other key must have been used to steal the vehicle. It avoided the policy on the grounds that the claim had been fraudulently presented.

Miss B complained to Admiral about its decision to decline the claim. She also complained about the delays in handling the claim, and that there'd been a lack of updates throughout. Admiral issued a complaint final response letter (FRL) on 29 March 2024. It didn't agree to change its position on the claim. It did accept it had taken too long to gather the key evidence it had relied on, and that it hadn't provided updates as it should have. It apologised for the inconvenience caused.

Unsatisfied with Admiral's response, Miss B referred the complaint to the Financial Ombudsman Service for an independent review. She said when she'd purchased the vehicle, she'd only been provided with one key, which she'd provided to Admiral. She said it wasn't true that the key hadn't been used for a year before the theft, and that Admiral hadn't allowed her to have her own car key analysis done to support her claim that the data was flawed.

Our investigator ultimately thought Admiral had acted reasonably in line with its policy terms in declining the claim.

Our Investigator did think Admiral's handling of the claim was poor. She also said whilst Admiral had told Miss B the car could be collected in February 2024, it hadn't carried out the necessary authorisation with its agent who had possession of the car. She said that had resulted in unnecessary distress and inconvenience for Miss B. She recommended Admiral pay £200 compensation to reflect the unnecessary upset caused.

Our Investigator said whilst Miss B had complained about the state of the car when it had been returned to her, as those issues happened after the FRL, she wouldn't consider them as part of this complaint.

Admiral accepted that outcome, Miss B didn't. As the matter hasn't been resolved it has come to me to decide.

Miss B said she felt the key data wasn't accurate. She wanted to test starting the car with the key she'd provided to see if it recorded its use accurately. She said if it didn't, it would show there was a fault with the key or data, which she felt was crucial to showing that this was the key she'd been using to drive the vehicle immediately before it was stolen.

In May 2025 I issued a provisional decision on this complaint. I explained why I wasn't persuaded Admiral could fairly rely on the fraud term to decline the claim. I said I intended to decide Admiral's refusal to allow the further key analysis Miss B had requested had been unreasonable. A copy of my findings is below.

I accept Admiral had the key analysed by its expert. I've seen that report and its findings, which say the key presented by Miss B was last used in August 2022, around a year before the vehicle was reported stolen. The report also says, in the opinion of the locksmith, that the key is most likely to be a spare key, rather than a main one. So I can understand why, having received that report, Admiral considered Miss B hadn't been honest in her account of the theft, or the use of the key.

However, I'm not currently satisfied that Admiral can fairly rely on the fraud term to decline the claim as it seems to me it refused a reasonable request from Miss B for further analysis to the key, whilst Admiral had both the car and key in its possession.

Miss B has always maintained this was her only key, and had been used just before the vehicle was stolen. Once the car was recovered, she asked for the key to be used to start the car whilst it was in the storage facility. She said she would then pay for the same locksmith to do another key analysis. She said if this still showed that the key was last used in August 2022, it would support her claim that there was an issue with the key data, or the vehicle data itself, and that it hadn't been recording correctly when the key was being used on the vehicle from August 2022 until when it was stolen in July 2023.

Admiral didn't do this. It's not clear to me why Admiral didn't agree to this, it seems a reasonable request for Miss B to make. And Admiral had in its possession both the key and the vehicle. It also wasn't going to have to bear any cost, as Miss B had offered to cover the cost of the further analysis. I can see from emails between Miss B and various parties that it seems Admiral refused to allow Miss B to use the same locksmith company it had used, given it was its supplier. It seems that Admiral thought this might be a conflict. Before reaching this provisional decision, I contacted Admiral to ask why it had refused the further key analysis, and why it had refused Miss B to use the same locksmith that it had. I said I couldn't see why it would be a conflict for the same expert to be used again and asked it for its comments in those respects, but it didn't provide a response. So I can't say its decision to not allow that analysis was fair and reasonable decision.

I'm aware that Miss B was able to retain salvage of the vehicle, but she says the car was damaged by that point and wouldn't start, so further analysis of the key/car data couldn't be done. I appreciate those matters happened after Admiral issued its FRL. But having reviewed what I have, I'm not currently persuaded Admiral responded fairly and reasonably about Miss B's concerns over the key/car data.

Admiral did have other concerns relating to the key. The locksmith also considered the wear to be consistent with that of a spare key. However, I note the report does say it's "extremely difficult" to determine whether a key is a spare or a main one, especially if it doesn't have access to all of the keys to compare – as was the case here. So I'm not persuaded that means Admiral has fairly relied on the report to decline the claim, given how difficult the expert acknowledges it is to make a finding on the wear of the key.

I've thought about whether other evidence gathered by Admiral means it was reasonable in declining Miss B's request. i.e. I've thought about whether the weight of the other evidence means it was reasonable for it to rely on the fraud term even given any concerns about the key analysis above. Admiral's other concerns were discrepancies between statements of Miss B and another named driver on the policy, and the fact that when the car was recovered, there was no signs of forced entry or damage to the ignition.

The car was recovered when the driver of it was stopped by police. Admiral says it was inspected by an engineer who found no signs of a forced entry. The engineer's report says the car was "either entered by a third-party intrusion device or with the vehicle key itself". Clearly, Admiral feels the key has been used. However, Admiral doesn't have the police report, and I note there was no mention from Admiral or the police of a "main" key coded to the car being retrieved when the vehicle was found. Admiral's argument seems to be that as only two keys were coded to the car, one of the original two keys must have been used to open and drive it. But it hasn't provided any evidence to persuade me why that is most likely.

The locksmith's report says it is possible to be able to open and drive the vehicle without the key, by another method. It doesn't say that using this alternative method would be recorded on the car's Engine Control Unit (ECU). So I intend decide Admiral was unreasonable in relying on the lack of damage to the car in order to decline the claim on the basis of fraud.

I've reviewed the witness statements provided by Miss B and the other named driver. Admiral says there are discrepancies over who locked the car. It says Miss B said she'd locked it, whereas the named driver said he had, which is inconsistent. The named driver's statement says he locked the car, and as he got into the house, he handed the key to Miss B. Miss B said that she was certain the car was locked as she'd taken the key from the named driver as he entered the house and pressed the fob herself.

I don't agree that this shows a discrepancy in the statements. It's very possible that the named driver locked the car, handed the key over to Miss B (which they both agreed had happened as he entered the property) and she did indeed press the fob herself to make sure the car was locked. That doesn't show the parties disagree on who locked it, to me it only shows that Miss B was making sure it was locked once given the key. I don't consider that an unusual or strange action to take. And I don't think the accounts are so contradictory that the situation they've described is implausible or unlikely to have happened.

So, it follows that I'm not currently persuaded the evidence Admiral relied on means it made a reasonable decision to refuse the further key data analysis requested by Miss B. As such, I don't think it's fair and reasonable for Admiral to rely on the fraud term to decline the claim. I intend to decide it should meet the claim. It will also need to remove any record it has made, internally or externally, of the claim being declined due to fraud concerns.

Putting matters right might be more difficult now though, because of what happened after Admiral's complaint response. From the limited information I have it seems Miss B retained the salvage, but the car had been damaged in the storage yard, and so a settlement was reached with the storage yard owner. Although I don't know exactly what the amount was, or what it was for. Also, I note the storage yard owner is an agent of Admiral's, so I don't know why Admiral didn't deal with this matter. But in any event, Admiral will need to ensure that Miss B hasn't lost out as a result of it unfairly declining the claim. So, whilst I'll take into account any comments it wishes to make following this provisional decision, I intend to say it should settle the claim in full, less the excess and any amount already received in settlement of the market value from any of Admiral's agents. Miss B can also explain if she thinks the above might cause her to lose out in any way.

I understand having the claim declined will have caused Miss B unnecessary distress and inconvenience. Admiral has already accepted it took too long to gather information and didn't provide updates when it should have. I intend to decide this will have added to Miss B's frustration. I intend to require Admiral to pay £750 (including the £200 its already agreed to pay) to recognise the unnecessary distress and inconvenience it caused. I think such an award is reasonable where significant inconvenience has been caused, which lasted over many months.

Responses to my provisional decision

Miss B was happy with the provisional findings and accepted them, saying she had nothing further to add.

Admiral, in response, provided answers to queries I'd previously made about why it had refused the further key analysis. It said the data system required a full driving cycle in order for the key/car to record the relevant data. It said as there were no errors on the key reading there wasn't any reason to suggest an issue with the data.

I responded to Admiral to say I still wasn't persuaded that refusing the further key analysis was fair and reasonable. I said the car was driveable when recovered by the police, so I didn't see the need for a full driving cycle to be completed would've been a barrier to that further analysis. I invited final comments from Admiral before issuing a final decision, it didn't respond further.

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, Admiral's comments in response to my provisional decision haven't altered my findings, for the reasons above. As such I'm not ultimately persuaded, in the particular circumstances of this case, that Admiral's refusal to allow further key analysis was reasonable. I'm also not persuaded that it's unlikely there was no error with the key and the data it was recording. Admiral hasn't, for example, provided any comments from an expert as to the accuracy of the key reporting and the likelihood of it being incorrect.

I think Miss B has most likely been disadvantaged by its refusal to carry out further key analysis, given it seems it couldn't then be done when she then regained possession of the vehicle.

As such, for the reasons given above, as well as my provisional findings, I still don't consider it fair and reasonable for Admiral to rely on the fraud term to decline the claim. So, Admiral will need to settle the claim, remove any record of a fraudulent claim from Miss B and the named driver's record, and it will need to pay Miss B £750 compensation.

My final decision

My final decision is that I intend to uphold the complaint. I direct Admiral Insurance (Gibraltar) Limited to:

- Settle Miss B's theft claim for the market value of the car in line with the policy terms, less the policy excess and any amount already paid by Admiral's agents.
- It will also need to add 8% simple interest onto the market value amount, once the excess has been deducted but before any other deductions are applied. The interest will be applied from the date the claim was declined, until any sums which make up that market value settlement are/were paid.
- Remove any record it has made, internally or externally, of the claim being declined

for fraud concerns.

- Pay Miss B £750 compensation (less any amount already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B and Mr M to accept or reject my decision before 14 July 2025.

Michelle Henderson
Ombudsman