DRN-5654872

The complaint

Mr D complains that Admiral Insurance (Gibraltar) Limited ("Admiral") mishandled a claim on his motor insurance policy.

What happened

Mr D had an international driver's licence issued outside the European Union. That licence permitted him to drive in the UK for up to 12 months from the date he became resident in the UK.

Mr D became a resident of the UK in about October 2022.

In October 2023, Mr D acquired a car that had first been registered in 2016.

For the year from mid-October 2023, Mr D took out a comprehensive insurance policy for the car with Admiral. Mr D didn't have a valid UK driving licence.

Unfortunately, in February 2024, Mr D's car hit a young person ("the third party") on a road near a roundabout in the UK.

By July 2024, the third party (or representatives on their behalf) made an injury claim against Mr D.

By an email dated 16 July 2024, Admiral told Mr D that he was 100% at fault for the accident. Admiral said that it would have to settle the third party's claim.

By an email dated 12 August 2024, Admiral told Mr D that because of his invalid licence, it wouldn't pay for damage to his vehicle and it was cancelling his policy with effect from 19 August 2024. Admiral also said that it might seek reimbursement of any costs it incurred as a result of any third party claims.

Admiral didn't make any refund of premium.

Mr D complained to Admiral.

By a final response dated 16 December 2024, Admiral accepted the complaint in part, namely that it had sent the 16 July 2024 liability email without explaining the reason for liability. Admiral said it was sending Mr D a cheque for £75.00. Admiral turned down the remainder of Mr D's complaint.

Mr D brought his complaint to us in February 2025. He told us that he could no longer afford motor insurance.

Our investigator didn't recommend that the complaint should be upheld. She didn't think that Admiral acted unfairly by recording a fault claim or was responsible for the licence becoming invalid.

Mr D disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- He entered the UK on 16 October 2022 and he disclosed this fact truthfully and consistently.
- Admiral issued the policy despite this residency information.
- Only after accepting liability and confirming coverage did Admiral perform a sudden reversal.
- Admiral said the policy was void.
- Accepting liability on his behalf while denying any cover is contradictory.
- This sequence of events caused financial and emotional distress.

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.

Admiral's "*motor proposal confirmation*" document included the following:

> "*Residency: 2022…*
>
> *Licence type: Non Exchangable Foreign Licence**
> …
> * *Drivers are covered to drive up until 12 months of becoming a UK resident, once the 12 months have been reached, cover under this policy for any driver without a UK licence will be invalid*."

I haven't seen enough evidence that Mr D told Admiral at the time that he took out the policy in October 2023 that he'd already been resident in the UK since October 2022, or that his licence no longer covered driving in the UK.

In any event, it was Mr D's responsibility to make sure that he had a valid licence to drive in the UK.

I don't consider that the policy was void or invalid. Rather, I consider that the policy was valid according to its terms.

Admiral's policy terms included the following:

> "*General Exceptions*
> …
> *We will not pay for any loss, damage or liability directly or indirectly caused by or contributed to by:*
> *Your vehicle being…*
> *driven by anyone who does not hold a valid driving licence or who is breaking the conditions of their licence*."

So the policy excluded any claim for accidents caused (or contributed to) by a driver who didn't have a valid licence.

Mr D didn't have a valid licence at the time of the accident in February 2024. So, as between Mr D and Admiral, it didn't have to cover his claim for damage or for indemnity against liability.

Nevertheless, as between the third party and Admiral, it had a statutory obligation to deal with the claim.

Admiral's policy terms also included the following:

> "*Defending or settling a claim*
> *We are entitled to:*
> *conduct the investigation, defence and settlement of any claim on your behalf*"

The effect of that was that – on a question of how best to deal with a third party's claim – Admiral's view would prevail over its policyholder's view. That's not unusual in motor insurance policies.

I will consider whether Admiral have reasonably considered the evidence available to them to reach a fair liability outcome. Unlike a court we don't hear evidence from Mr D and the third party to decide the extent to which either of them caused injury.

I'm satisfied that Admiral took into account Mr D's statement that the third party ran out in front of his car.

However, Admiral received the third party's claim and it had to decide whether to incur the risk and cost of defending court proceedings.

Admiral identified that there was no independent witness or CCTV evidence. Admiral also took into account the Highway Code around pedestrians and people under 18 years of age.

Admiral decided that there wasn't enough evidence to defend Mr D's position. So it accepted liability for the third party's claim.

I'm satisfied that Admiral reasonably considered the available evidence. In the circumstances of the accident, I don't consider that Admiral's decision was unfair or unreasonable. I don't find it fair and reasonable to direct Admiral to change the way it has recorded the claim.

Admiral's policy terms also included the following:

> "*Our cancellation rights*
> *We can cancel your policy at any time by sending seven days' notice in writing to your last known address if:*
> • *You ignore or fail to comply with any of the General Exceptions*."

One of the general exceptions (as quoted above) was driving by anyone who does not hold a valid driving licence.

Mr D didn't have a valid licence to drive in the UK so he shouldn't have been driving at the time of the accident. So I don't consider that Admiral acted unfairly by declining to cover the claim. For the same reason I don't consider that Admiral acted unfairly by cancelling the policy.

Admiral's policy terms also included the following:

> “*Outstanding premium and charges following cancellation*
> *If a claim has been made during the period of insurance, you must pay the full premium and no refund will be given*.”

Admiral had to deal with the third party’s claim. So I don’t consider that Admiral acted unfairly by not refunding Mr D for any of the premium.

I don’t under-estimate the financial and emotional distress Mr D has suffered. Nevertheless, I haven’t found that Admiral treated Mr D unfairly, so I don’t find it fair and reasonable to direct Admiral to do any more in response to Mr D’s complaint.

My final decision

For the reasons I’ve explained, my final decision is that I don’t uphold this complaint. I don’t direct Admiral Insurance (Gibraltar) Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 1 October 2025.
Christopher Gilbert
Ombudsman