

The complaint

Mr C has complained the way Admiral Insurance (Gibraltar) Limited dealt with a claim he made under his car insurance policy.

What happened

Mr C made a claim to Admiral for damage to his car. Mr C wanted Admiral to repair his car. Admiral appointed an approved repairer (AR).

Some of the parts required to repair Mr C's car had no future date for when they would be available. The 'guess' time was given to the AR from the supplier as possibly up to eight months, where it could be sooner or later than this.

Admiral offered Mr C the following options: to pay him a cash settlement equivalent to the costs of repair, pay him a total loss settlement minus a salvage fee and for Mr C to arrange repairs – or pay a total loss settlement for his car due to the length of time and the potential associated costs involved for future garage storage, providing a replacement car, and the potential for further damage to Mr C's car.

Mr C wanted Admiral to repair his car. He said he would only require a replacement car for some weekends. He understood the AR wouldn't charge storage fees.

Admiral decided to settle Mr C's claim as a total loss settlement. Mr C was unhappy about this decision and complained to Admiral.

In September 2024 Admiral upheld some of Mr C's complaints. It agreed it had provided conflicting information about how it would settle the claim. And it agreed it had caused a delay which meant Mr C was without use of a car for 32 days. So it paid him £320 for the equivalent cost of £10 a day to reflect the delay. And it paid £200 compensation for the distress and inconvenience caused by the conflicting information it gave.

Mr C discovered that his car had been bought by a new owner after Admiral sold it for salvage. Mr C said second hand parts were used to repair it and he told Admiral how much they had cost. Even so, Mr C thought the repair costs were much less than the estimate Admiral relied on to settle his claim as a total loss. So Mr C wanted Admiral to provide a breakdown of the repair estimate to demonstrate its decision to settle his claim as a total loss rather than repair was reasonable. Mr C believed Admiral adjusted the sums for repair to meet its threshold to settle his claim as it did.

Admiral explained that its costing for repairs is business sensitive information and so it cannot share it with Mr C. It said the repairs estimate was not the only factor it took into account when deciding to settle the claim this way. It would not have used second hand parts to repair Mr C's car, so any repairs carried out by a new owner wasn't comparable. And in any event Mr C didn't agree to second hand parts due to the conditions of an existing warranty.

Admiral's AR was given an indefinite period of time for the parts to be available. While the

AR would provide free storage while carrying out repair, this didn't mean it would provide free storage indefinitely while waiting for parts. There was a risk of further damage to Mr C's car and a risk of further damage identified once strip out of the car commenced, along with future unknown costs of providing a replacement car for Mr C, as the AR would only provide a courtesy car for the duration of repairs. Taking these factors into account, Admiral said it made the correct business decision to settle Mr C's car as a total loss.

Admiral said it was entitled to settle the claim as a total loss in line with the policy.

Mr C remained unhappy and asked us to look at his complaint. One of our Investigators thought Admiral's decision to settle the claim as a total loss settlement was reached in a fair way and in line with the policy. But he thought Admiral had failed to manage Mr C's expectations in a call on 12 August 2024 where it said it would settle his claim as a total loss if the repair costs were 60% or more than the market value of his car. The Investigator said this led Mr C to raise concerns as to the sums involved and led him to doubt the reliability of information Admiral had given him. On 6 August 2024 Admiral had told Mr C that it would repair his car.

The Investigator recommended Admiral pay Mr C £90 compensation for the loss of expectation here in addition to the £200 already paid.

Mr C accepted the Investigator's findings. Admiral didn't agree. It says it has paid adequate compensation for providing conflicting information to Mr C, along with compensation for loss of use as a result of its delay. So it doesn't believe it should pay any more.

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.

Mr C's policy with Admiral says the following:

"We will decide how to settle your claim and will either pay:

- to repair your vehicle

- a cash sum to replace the damaged vehicle.

If we give you a cash sum, the most we will pay is the market value of the vehicle.

Should we deem your vehicle repairable but are unable to complete or guarantee the repairs, we will offer you a cash sum to cover reasonable costs of parts and labour."

It isn't in dispute that Admiral offered Mr C to pay him a cash settlement for repairs, or a total loss settlement minus the salvage to retain the car and arrange his own repairs. But these options were not what Mr C wanted as he wanted Admiral to repair his car.

However, in line with the policy and the reasons why Admiral didn't proceed with repairs, I'm satisfied that Admiral acted fairly in settling Mr C's claim as a total loss settlement.

I don't think the compensation award Admiral paid Mr C in September 2024 considered the incorrect information Mr C was given on 12 August 2024. It was this misinformation that led Mr C to call into question Admiral's decision to settle his claim as a total loss, based on the repair estimate - as this came to below 60% of the total loss settlement. This in turn led to Mr C's complaint to ask for a breakdown of how Admiral calculated its figures to decide to settle his claim as a total loss and his concerns as to the reliability of what Admiral told him, which I

can understand.

While Admiral accepts it provided Mr C with conflicting information and uncertainty about how it would settle his claim when it replied to his complaint on 4 September 2024, I don't think it specifically addressed this aspect. As I said, I don't think Admiral's decision to settle the claim as a total loss in this case was unreasonable. But I agree with the Investigator's recommendation for Admiral to pay £90 compensation in addition to the £200 it has already paid for the distress and inconvenience caused by the misinformation as to a threshold Admiral would apply when deciding whether to repair Mr C's car, based on the repair estimate alone.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay Mr C £90 compensation in addition to the £200 it paid in September 2024 for the distress and inconvenience caused by misinformation about his claim.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mr C accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr C how much it's taken off. It should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 September 2025.

Geraldine Newbold
Ombudsman