

The complaint

Mr A complains with the settlement Admiral Insurance (Gibraltar) Limited (Admiral) have paid for the repairs to his vehicle following a claim he made under his motor insurance policy.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events. Mr A was unfortunately involved in an accident and so reported a claim to Admiral under his motor insurance policy. Admiral arranged for an estimate to be carried out by one of its approved repairers. Due to the condition of Mr A's vehicle, Admiral said it would settle the claim by paying Mr A a cash-in-lieu (CIL) settlement. It said the repairs would cost £7,711.43 including VAT and Mr A had a policy excess of £550, so it paid Mr A a settlement of £7,161.43.

Mr A's vehicle was returned from the approved repairer but Mr A said there were marks on the bonnet and the number plate was missing, and so raised a complaint.

In the meantime, Mr A provided Admiral with an estimate for repairs from his own repairer which was higher than the CIL settlement Admiral had paid. The estimate was reviewed by Admiral's engineer who said the costs were inflated and once amended it was the same as the settlement it had paid and so didn't agree to increase its settlement. Mr A didn't think this was reasonable and so added this to his complaint.

On 15 August 2024 Admiral issued Mr A with a final response to his complaint. It said:

- If Mr A contacted the approved repairer, it would arrange a replacement number plate, but as the bonnet was being repaired, and this was included within the CIL settlement, it wouldn't offer anything toward this.
- It acknowledged Mr A had been without a courtesy vehicle but explained under the terms of his policy he wasn't entitled to receive one.
- The only increase it could make to the CIL settlement was £180 toward the Advanced driver-assistance system (ADAS) as this had been approved but hadn't been included in the repairs.
- It apologised if Mr A was given the impression it would increase the CIL settlement once he had provided an estimate without this needing to be reviewed by its engineers.
- It had paid £100 compensation for distress and inconvenience caused.

Mr A continued to be unhappy about the CIL settlement he had received and so referred his complaint to this Service.

Our investigator looked into things. He said he thought Admiral were entitled to settle Mr A's

claim by offering a CIL settlement based on the terms of his policy. However, he said the CIL settlement Admiral had offered was based on an estimate from its approved repairer which included discounts not available to Mr A. He said as these discounts aren't available to Mr A, it had failed to indemnify him, so he thought Admiral should pay an increased settlement, removing any discounts it would receive for repairs carried out by its approved repairer.

Admiral didn't agree with our investigator. It said it didn't think the discounts should be removed from the CIL settlement offered. It said it had paid Mr A the amount it would cost it to repair his vehicle at its approved repairer, and if Mr A provided a quote more in line with its approved repairer's costs then its engineer would have taken this into consideration.

I issued a provisional decision about this complaint and I said:

'I want to acknowledge I've summarised Mr A's complaint in less detail than he's presented it. I've not commented on every point he 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 Mr A and Admiral I've read and considered everything that's been provided.'

I also want to be clear about what I've considered as part of this decision. Many of the complaint points Admiral addressed in its final response appear to have fallen away since Mr A bought his complaint to this Service. So, I've focussed on the outstanding issue, which is the amount Admiral have paid to settle Mr A's claim.

The terms of Mr A's policy explain Admiral will decide how to settle a claim and it will either pay to repair the vehicle or pay a cash sum to replace the vehicle. Admiral have said Mr A's vehicle was a previous total loss, and had some pre-existing issues, therefore it decided to settle Mr A's claim by paying a CIL settlement. Based on the evidence provided, and terms of Mr A's policy, I'm satisfied it was reasonable for Admiral to look to settle Mr A's claim in this way.

Admiral have paid Mr A a CIL settlement based on repairs costing £7,891.43 to carry out. Mr A has said this isn't sufficient to have the repairs carried out. So, I've considered whether the settlement Admiral have offered is reasonable in the circumstances.

Admiral have provided an estimate from its approved repairer which estimates the repairs will cost £7,711.43 to carry out. It has then paid £180 for the ADAS to be recalibrated. However, this estimate is based on how much it would cost Admiral to repair Mr A's vehicle and isn't necessarily reflective of the amount it would cost Mr A to have his vehicle repaired. It's likely Admiral have agreed rates with its approved repairer, and I can see the estimate includes discounts on some elements of the repairs. It's unlikely these agreed rates or discounts would be available to Mr A if he were to use his own repairer.

It was Admiral's decision to settle Mr A's claim by paying a CIL settlement. So, the settlement it pays to Mr A should be based on the amount it would cost him to have the repairs carried out to his vehicle. It isn't reasonable for Admiral to pay what it would cost it to carry out the repairs to Mr A's vehicle when it hasn't agreed to carry out these repairs itself.

Mr A has provided an estimate from his own repairer who estimates the repairs will cost £9,450.08 to carry out. I've considered whether this is a fair reflection of the amount it will cost Mr A to have the repairs carried out on his vehicle using his own repairer.

Admiral have said its engineer reviewed this estimate and considered the repair costs to be inflated. I can see its engineer has left a note to say once it amended the rates to a reasonable figure, and made a couple of changes, the estimate was in line with the CIL settlement it has paid.

Based on the evidence provided, I don't think Admiral have demonstrated the estimate Mr A has provided from his own repairer is inflated. Whilst the claim note says the engineer believes the estimate is inflated, Admiral hasn't provided this Service with an explanation of what elements of the estimate it considers to be inflated, what it considers to be a reasonable rate for repairs, nor what elements of the estimate needed to be changed and why. And so, at this stage I don't think Admiral have provided persuasive evidence the estimate Mr A has provided is inflated or unreasonable.

As I don't think Admiral have been able to demonstrate the estimate Mr A has provided from his own repairer is inflated or unreasonable, I'm satisfied it's a reasonable reflection of the amount it would cost Mr A to have the repairs carried out at his own repairer. Therefore, I think Admiral should increase the CIL settlement it has offered in line with the estimate Mr A has provided from his own repairer.'

Admiral didn't respond to my provisional decision but Mr A accepted it.

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.

As neither party have given me anything further to think about, I see no reason to reach a different outcome to the one I reached previously. So, I uphold Mr A's complaint for the reasons I set out in my provisional decision.

My final decision

For the reasons I've outlined above, I uphold Mr A's complaint about Admiral Insurance (Gibraltar) Limited. I require it to:

- Pay Mr A an additional settlement of £1,558.65.
- *Pay 8% per year simple interest on this amount calculated from 13 August 2024 when it declined to increase the settlement, to the date it pays the additional settlement due.

*If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A 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 A to accept or reject my decision before 8 August 2025.

Andrew Clarke
Ombudsman