

The complaint

Mrs F has complained about the way Admiral Insurance (Gibraltar) Limited has settled her claim under her car insurance policy.

What happened

Mrs F's car was written-off when it was less than 12 months old. Admiral appears to accept that under the terms of her policy Mrs F is entitled to a new replacement because her vehicle was less than 12 months old at the point it is written-off.

Admiral's claims handling agent, who I'll refer to as V, ordered a new replacement car from the manufacturer, who I'll refer to as T. The first one T suggested had been pre-registered to a dealership, so it decided this wasn't suitable as Mrs F wouldn't be the first registered keeper. And it said it would provide another one. This car was then collected by Mr F. Mr F had a problem registering the car on the manufacturer's app. And he let V know there was a problem on 27 April 2024. This was because T had incorrectly registered the car to V, instead of Mrs F. And V told Mr F that they'd ask DVLA to correct this. Mr F hadn't heard anything after a few weeks and chased V. It then came to light that DVLA couldn't change the first registered keeper; and that Mrs F would be the second registered keeper. T offered Mrs F £1,000 in compensation for its error, which Mrs F accepted. But Mr F made it clear she wanted more than this in compensation. And that he and Mrs F held V and Admiral partly responsible for the fact Mrs F had ended up with a car which she was not the first registered keeper of.

Mr F complained to Admiral on behalf of Mrs F about the way it and V had handled the matter. Admiral didn't uphold most aspects of Mrs F's complaint. And it pointed out the terms of her policy did not state she would be the first registered keeper of the replacement vehicle provided. But it did accept communication by it and V could have been better and it paid £200 in compensation to reflect this.

Mrs F wasn't happy with Admiral's response and Mr F asked us to consider Mrs F's complaint. One of our investigators did this. He didn't think it should be upheld. This was on the basis that what Admiral had paid in compensation was reasonable. He didn't think V or Admiral were responsible for T's error in registering the vehicle to V. And he said Admiral and V couldn't be expected to understand all DVLA's procedures. And, in effect, he didn't think Admiral had actually failed to comply with the terms of Mrs F's policy because it had essentially supplied Mrs F with a new vehicle, even though she wasn't the first registered keeper of it. He also said Mrs F hadn't actually suffered a financial loss as a result of being the second registered keeper of the replacement vehicle, as she hadn't sold it. He explained that if she did later sell it and suffer a loss because of this, she could raise this with Admiral at the time.

Mr F didn't agree with the investigator's view and asked for an ombudsman's decision. He said that while he accepts Admiral, and V couldn't be expected to know all of DVLA's procedures, they should have known the basic fundamentals, i.e. that once a vehicle has been registered to the wrong person in error, that person will remain as the first registered keeper. And he thinks if V had realised this they could then have rejected the vehicle when

he flagged the problem he was having on 27 April 2024. And this would mean Mrs F wouldn't have ended up having to keep the vehicle. Also, he doesn't think the investigator's view that the vehicle Admiral provided was essentially new is correct. As far as he is concerned, the vehicle falls into a pre-registered category, and this means it has a lower value and is not really new. He thinks compensation for this should be provided at the point of transaction; not at a later date if the vehicle is sold.

Mr F also felt that the investigator hadn't taken into account Admiral's contractual obligations, which he thinks imply that Mrs F will be provided with a new vehicle which she is the first registered keeper of. And I can see from what Mr F has said previously that he thought Mrs F should receive a total of £3,400 in compensation, as this matches the cost of an enhanced auto pilot (EAP) package that T add without charge when they sell a pre-registered vehicle.

I issued a provisional decision on 2 July 2025 in which I set out what I'd provisionally decided and why as follows:

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, I've provisionally decided to uphold it and make Admiral pay Mrs F a further £2,400 in compensation. I'll explain why.

I appreciate Mrs F's policy does not actually state she will be provided with a new car for which she is the first registered keeper. But in determining the fair and reasonable outcome to this complaint I think it is fair to say that Admiral and its agent implied this is how the relevant term in the policy should work. This is because I think most people would see this term which is entitled 'New Vehicle Replacement' as entitling them to a brand-new vehicle for which they were the first registered keeper, if the insured vehicle is less than 12 months old at the point it is stolen or written-off. And Admiral has never suggested this wouldn't be what it would normally provide. It did of course argue it had complied with the policy terms, but this was in response to Mrs F's complaint. And V did not suggest that a vehicle with Mrs F as the second registered keeper was acceptable. As soon as it found out this wasn't the case it tried to get DVLA to change the first registered keeper to Mrs F. Plus, the first vehicle suggested by T was rejected as unsuitable because it had been pre-registered.

In view of what I've said I agree with Mr F that it's fair to say Admiral has failed to meet its contractual obligations to Mrs F by supplying her with a vehicle that she was not the first registered keeper of in settlement of her claim because – essentially - this is not a new vehicle replacement.

I also agree V should have picked up straight away that there was a problem when Mr F contacted them on 27 April 2024 to say that it had been set up as the primary owner/user instead of Mrs F. At this point, I think V – as an experienced claim handling company – should have realised this meant the vehicle had been registered to it and that it would not be possible to change the first registered keeper. After all, V should have understood the registration process. And it should also have realised the registration document is a legal record of the registered keepers of a vehicle. So, to change the first registered keeper on it would mean it then would not reflect the true registration history of the vehicle. So, I think anyone with legal expertise and used to dealing with such issues should have realised DVLA would never agree to change the first registered keeper.

If V had realised this at the outset, it could then have rejected the vehicle and got T to collect it from Mrs F before she drove it further. And it could then have arranged another new vehicle that could have Mrs F as the first registered keeper.

So, not only has Admiral failed to fulfil its contractual obligations, but its agent (V) also failed

to act appropriately; and this led directly to Mrs F ending up with a pre-registered vehicle. So, I think the fair and reasonable outcome of this complaint needs to take into account the fact that Mrs F has been left with a vehicle she didn't really want, which has a lower value. However, bearing in mind she has now had the vehicle for some time, and it has done many miles, I think it would be going too far if I were to make Admiral take it back from Mrs F and supply her with another new vehicle which she would be the first registered keeper of. Especially as, if everything had gone as it should have done, she'd have a vehicle that by now would have done a considerable number of miles; albeit she would be the first registered keeper of it.

So, I've provisionally decided the fair and reasonable outcome to this complaint is for Mrs F to be compensated by Admiral for the inconvenience of ending up with a vehicle she is not the first registered keeper of, that has a lower value. And I think the best way to determine the compensation level is to reflect what T thinks the compensation should be for a customer ending up with a pre-registered vehicle. They seem to think it is £3,400, as they offer EAP free on such vehicles. This has a value of £3,400 according to Mr F. And I have no reason to doubt what he has said about this. Mrs F has already received £1,000 in compensation from T, so I think if Admiral were to pay her a further £2,400, meaning she has received £3,400 in total, it will represent a fair and reasonable outcome to her complaint.

My provisional decision

I have provisionally decided to uphold Mrs F's complaint about Admiral Insurance (Gibraltar) Limited and require it to pay her £2,400 in compensation for inconvenience.

I gave both parties until 16 July 2025 to provide further comments and evidence in response to my provisional decision.

Mr F provided the following further comments on behalf of Mrs F:

The evidence he has provided of comparable pre-registered vehicles shows that they are sold at a reduced price compared to unregistered vehicles of around £2,400. So he considers that the compensation for the fact Mrs F ended up with a pre-registered vehicle should be this, plus the cost of the EAP package which T also adds free when selling these vehicles. And – to be clear – he would like me to be clear on how I arrived at my suggested compensation award of £2,400 having not mentioned the difference in the retail price of pre-registered vehicles compared to unregistered ones.

Admiral has responded with the following further comments:

It believes my approach of awarding £2,400, which reflects a total compensation amount of £3,400, in line with the cost of T's EAP package may inadvertently result in betterment for Mrs F. Its basis for thinking this is that the vehicle provided to Mrs F was a brand new replacement, not a second-hand model. So it would not have qualified for the complimentary EAP package. So awarding compensation based on this would effectively provide Mrs F with a benefit she was never entitled to.

Admiral has also questioned why if T's offer of EAP on pre-registered vehicles carries a value of £3,400 T hasn't offered this amount in compensation.

It has also pointed out that – as our investigator suggested – unless she sells the vehicle Mrs F will not have suffered a quantifiable financial loss as a result of receiving a pre-registered vehicle.

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.

While I have noted the further comments of both Mr F and Admiral my view on the fair and reasonable outcome to Mrs F's complaint remains the same as set out in my provisional decision.

The compensation I have suggested is for the inconvenience Mrs F has experienced as a result of being left with a vehicle she is not the first registered keeper of. So, the fact she has not suffered an actual financial loss as a result of this is – in my opinion – irrelevant. I also consider the retail cost of a pre-registered 'new' vehicle being less than the cost of an unregistered one is irrelevant for the same reason. My award reflects what I consider is the fair and reasonable amount in compensation for the inconvenience Mrs F has experienced as a result of an error by Admiral's agent and Admiral's failure to fulfil its contractual obligations to her. The way I have determined this is to use the cost of T's EAP package. But this is because I found it to be a useful reference point for determining the right level of compensation Mrs F should receive in addition to what T had already paid her. This also means I do not consider there to be a question of betterment. The point is because of an error by Admiral's agent and a failure in its part to fulfil its contractual obligations to Mrs F, she has experienced inconvenience. And my compensation award is for this and not for a financial loss she has experienced.

Putting things right

For the reasons set out above and in my provisional decision I have decided to uphold Mrs F's complaint and make Admiral pay her a further £2,400 in compensation for the inconvenience she experienced due to the error by Admiral's agent and its own failure to fulfil what I consider to be its contractual obligations to Mrs F.

My final decision

I uphold Mrs F's complaint about Admiral Insurance (Gibraltar) Limited and require it to pay Mrs F a further £2,400 in compensation for inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 12 August 2025.

Robert Short
Ombudsman