

The complaint

Mr A complains Admiral Insurance (Gibraltar) Limited (“Admiral”) unfairly declined his claim and cancelled his motor insurance policy following an accident.

All references to Admiral include its agents.

What happened

Mr A took out a motor insurance policy in January 2024. In October 2024, Mr A’s car was involved in an accident so he made a claim on the policy over the phone. The claim was initially declined and the policy cancelled because, based on what Mr A had said, Admiral didn’t think he was displaying ‘L plates’ at the time of the incident. So it said his claim was excluded under the terms of the policy which, in summary, say it won’t cover damage for driving without a licence or whilst breaking the conditions of the licence.

Unhappy with Admiral’s decision, Mr A made a complaint and escalated it to our service. Our Investigator didn’t think Admiral had treated Mr A fairly. In summary, she wasn’t persuaded Mr A understood what he was being asked during the claim call and she didn’t think Admiral should’ve relied on what he’d said about not displaying L plates.

Our Investigator recommended Admiral reconsider the claim, put Mr A in the position he would’ve been in if the policy hadn’t been cancelled and update its records on the claims and underwriting exchange (“CUE”) database to show it hadn’t cancelled the policy. She also recommended Admiral reimburse Mr A for the amount he paid to scrap his vehicle following the accident and, if the claim should’ve been covered, she said to pay Mr A some compensation but she didn’t specify how much.

Although Admiral accepted our Investigator’s assessment in part and agreed to reconsider the claim and refund the scrappage cost upon receipt of evidence, it didn’t accept her findings that it should pay compensation as she hadn’t been clear about how much.

Admiral asked our Investigator to specify how much compensation should be paid to Mr A. But our Investigator said she couldn’t determine this until after the claim is validated and left it to Admiral to determine a fair amount. As Admiral said it couldn’t do this, the complaint was passed to me to reach a decision on.

I sent an email to both parties in June 2025. I told both parties at that time, I agreed with our Investigator’s opinion that Admiral hadn’t acted fairly in this case. But I said I was planning to direct Admiral to do more to put things right and I set out how. As neither party responded to my email, the complaint couldn’t be resolved informally without a decision.

I issued a provisional decision in July 2025 which I’ve included a copy of below:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.”

Based on what I've seen so far, I plan to uphold this complaint for broadly the same reasons as our Investigator. But I plan to direct Admiral to put things right in a different way as I don't think the redress we've previously recommended fairly puts Mr A in the position he would've been in if things hadn't gone wrong. I'll explain why.

It's not in dispute in this case that Admiral previously declined the claim and cancelled Mr A's policy unfairly. So Admiral has already agreed to reconsider the claim, and if it is validated, it will reverse the policy cancellation. So what I need to consider in this case is how best to put things right for Mr A.

I understand Admiral is currently making enquiries before accepting Mr A's claim. This is to ensure there are no other exclusions that apply under the terms of the policy. But based on what I've seen so far, I'm satisfied Admiral shouldn't have declined Mr A's claim for the damage to his car following the incident, for the reason it did. As a result of doing so, I currently think it would've caused Mr A confusion and frustration. He explained to Admiral that he had L plates displayed on his car and he didn't understand the original question. And at the moment, I don't think he would've felt listened to.

I appreciate once Admiral reconsiders the claim, it may still be declined if there are any other policy exclusions that apply but I don't think that changes the level of distress and inconvenience Mr A would've likely experienced so far. So, based on what I've seen so far, I think it would be fair for Admiral to pay him £250 as compensation to make up for the distress and inconvenience he's experienced as a result of Admiral unfairly declining the claim and cancelling his policy. This should also make up for the delay he's experienced in getting an answer to his claim since he first made it in October 2024.

Admiral has agreed to put Mr A in the position he would've been in if the policy hadn't been cancelled which I agree is the right thing to do here if the claim is validated. And as part of this, Admiral has agreed to reimburse Mr A the amount he's paid to scrap his car as this is a cost Admiral would've covered if the claim had been accepted. But as Mr A's been without that money since he scrapped his car, I also think Admiral should add 8% interest to this amount from the date Mr A paid for the scrappage until the date of settlement. In addition, if any cancellation fees were charged, Admiral should refund the amount Mr A was charged and add 8% interest on this amount from the date the fees were paid to the date of settlement."

I asked both parties to make any further comments by the deadline set before I reached my final decision. We reminded them of the deadline but neither party made any further comments.

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.

I've looked carefully over everything I've been given again. But as I've had no further evidence or comments to consider, I see no reason to change the outcome I reached in my provisional decision. So I uphold this complaint for the reasons I've set out above.

Putting things right

To put things right in this case, I currently think Admiral should:

- Reconsider the claim subject to the remaining terms and conditions of the policy.

- If the claim is accepted and the policy shouldn't have been cancelled, it should put Mr A in the position he would've been in if the policy hadn't been cancelled. This includes updating his records on CUE and reimbursing any cancellation fees he was charged.
- Reimburse Mr A the amount he paid to scrap his car upon evidence of the scrappage.
- Add 8% interest to the above amounts from the dates Mr A made the payments to the date of settlement. HM Revenue & Customs may require Admiral to take off tax from this interest. If asked, it must give Mr A a certificate showing how much tax it's taken off.
- Pay Mr A £250 compensation to make up for the distress and inconvenience he's been caused.

My final decision

For the reasons given, I uphold Mr A's complaint and direct Admiral Insurance (Gibraltar) Limited to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 August 2025.

Nadya Neve
Ombudsman