DRN-5709822

## The complaint

J has complained about the way Admiral Insurance (Gibraltar) Limited handled a claim under a car insurance policy taken out by a director, who I'll refer to as Mr S. Mr S is representing J.

## What happened

Mr S took out a policy to cover a vehicle leased by J. The vehicle was damaged in an accident and Mr S claimed under his policy. Admiral said the vehicle was a write-off (total loss) and wanted to pay its current market value to the lease company. But Mr S wasn't happy about this and asked if he could get a repair estimate. Admiral agreed to this, but in the meantime it paid the lease company what it thought was the market value. This left an amount outstanding on the lease, which J had to pay off over six months, instead of keeping the vehicle and paying the lease payments over the full period remaining.

There were also some other issues with the service provided on the claim, which caused Mr S distress and inconvenience. And these also caused some further inconvenience to J.

Mr S has said that preventing J from getting the vehicle repaired was unfair and has had a negative financial impact on J and affected its business significantly.

Admiral issued two final response letters to Mr S personally. In these it accepted that it could have provided a better level of service and paid Mr S compensation for distress and inconvenience. And it also said it should have paid more in settlement of the claim and paid a further amount to the lease company. But it didn't accept that its decision to write off the insured vehicle was wrong.

Mr S didn't agree with Admiral and asked us to consider his complaint. We said the main impact of what had happened was on J, and that this meant the complaint we could consider was the impact of any failings by Admiral on J, as opposed to the impact of them on Mr S personally. Admiral agreed we could do this.

One of our investigators considered J's complaint. She said Admiral was wrong to write off the insured vehicle. And should have settled the claim on a cash-in-lieu basis, which would have allowed J to have the vehicle repaired. She said this and other elements of poor service had caused J inconvenience and that this warranted a compensation payment of £1,000 in total.

Admiral didn't agree with the investigator's view. It said it was entitled to write off the insured vehicle in accordance with its policy terms. And it didn't think it should have to pay as much as £1,000 in compensation. But it did agree to pay £200 in compensation for one aspect of the poor service the investigator had highlighted as having had an impact on J.

Mr S didn't agree with the investigator's view either. He said the financial impact on J was so significant that he considered that Admiral should cover the amount left outstanding on the lease. He made a number of points about the financial impact on J and said he wished to copy his accountant into the email thread with the investigator in order for him to provide input as required.

As neither party agrees with the investigator's view the complaint has been referred to me for a final decision.

## 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.

Having done so, I've decided to uphold it and award £1,000 in compensation in total to J for the same reasons as the investigator set out.

I've noted Admiral's point that the terms of the policy Mr S claimed under gave it the right to settle his claim by paying the market value of the insured vehicle at point of loss or damage, less the excess. But I need to consider whether in doing so it acted reasonably and treated J fairly. And I don't think it did. This is because it didn't properly consider the financial impact on J of settling the claim on a total loss basis. And, bearing in mind its engineer had decided the insured vehicle was repairable and Mr S wanted to have it repaired I think it should have agreed to settle his claim on a cash-in-lieu basis, up to a maximum of what it would have cost it to settle it on a total loss basis. I can appreciate why it didn't do this. But, in my opinion, it acted too hastily and didn't properly consider the impact of its decision to settle the claim on a total loss basis.

And I think the incorrect decision by Admiral to settle the claim on a cash-in-lieu basis did have a financial impact on J and cause it inconvenience. However, I am not persuaded there is sufficient evidence or that evidence could be provided which does show or would show this decision caused J a financial loss. This is because J would have had to pay the remainder of the lease anyway, albeit over a longer period. And the impact it had on Mr S in terms of his travel arrangements were more around his personal choices and costs. Also, even though it may have meant J had cashflow issues, I do not think, even with input from Mr S's accountant, it will be possible for me to safely conclude it was definitely this alone which affected J's net profit. This is because there are many external factors that could impact the net profit of a business in a particular period and I think it would be very hard, if not impossible, to show that a worse cash flow led directly to a loss of net profit in the way Mr S has suggested.

So, as I see it, as part of the fair and reasonable outcome to this complaint I consider J only needs to be compensated for the inconvenience of having to pay their lease off with higher payments over a shorter period. And I'm satisfied £500 is enough compensation for this.

I also agree that the customer service issues in terms of taking the insured vehicle back to the repairer and not receiving a copy of the estimate would have caused some inconvenience directly to J. This is because it impacted Mr S, as its employee, and most likely took time away from his role in J as a business. And I think this warrants a compensation payment to J of £200. I also agree that the fact Admiral agreed to allow Mr S to get an estimate and then settled the claim before considering this estimate meant Mr S, on behalf of J, wasted time and effort and this clearly caused J inconvenience. I can see Admiral has agreed to pay £200 in compensation for this. And I agree this is appropriate.

## Putting things right

For the reasons set out above, I've decided to uphold J's complaint about Admiral and require it to pay J £1,000 in compensation for the inconvenience it experienced due to Admiral's failings in dealing with the claim for the vehicle insured under Mr S's policy.*

* Admiral must pay the compensation within 28 days of the date we tell it J accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

**My final decision**

I uphold J’s complaint about Admiral Insurance (Gibraltar) Limited and require it to do what I’ve set out above in the ‘Putting things right’ section.

Under the rules of the Financial Ombudsman Service, I’m required to ask J to accept or reject my decision before 18 September 2025.

Robert Short
**Ombudsman**