DRN-5732256

The complaint

Mr C complains about how Admiral Insurance (Gibraltar) Limited handled a claim under his motor insurance policy.

What happened

Mr C was involved in a car accident in April 2024. He accepted liability for the accident and Admiral agreed to cover the third party's costs.

In May and July 2024, Admiral told him it wouldn't settle the claim until the third party's insurer provided a full breakdown of costs. Admiral's engineers estimated the cost of repairs at £1,200. However, Admiral had already settled the claim on 9 May and paid just over £3,000. It didn't tell Mr C this until January 2025.

Mr C was frustrated that Admiral misled him. He's concerned about the impact of the settlement on his insurance premiums. Admiral agreed that the claim had been mishandled and Mr C had been "*misadvised*" about its status. It offered him £150 to apologise for this.

Mr C remained unhappy and referred his complaint to this service. He'd like Admiral to remove the 'fault' marker against this claim from any internal or external insurance database so that his future premiums aren't affected, and compensate him for the inconvenience it caused him.

Our investigator recommended that the complaint should be upheld in part. He found that Admiral had handled the claim poorly and given Mr C incorrect information about its status. He thought it should increase its compensation offer to £250. However, he found that, overall, Admiral had settled the claim fairly.

Mr C didn't accept this, so the case was passed to me to make 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 come to the same conclusions as our investigator and for the same reasons. I suspect my decision will look very similar to our investigator's assessment because I think he explained this very well.

- Under the policy terms and conditions, Admiral can investigate, defend, and settle a claim as it sees fit (page 24, '*Defending or settling a claim*'). This is common in car insurance policies and Admiral doesn't need Mr C to agree this. This also means Admiral can make a decision Mr C doesn't agree with. If it does, I can decide if that decision was fair and reasonable.
- Admiral agreed to settle the case – as it can under the policy terms – and paid the third

party insurer just over £3,000 on 9 May. Admiral explained that settlement was made under a protocol agreement used by several insurers where the claim was agreed and settled automatically.

- The problem here is that it told Mr C something completely different. It told him twice that it would challenge the third party's costs after it had already settled the claim. That's clearly a mistake by two different claims handlers, and I can see from Admiral's internal records that it acknowledged this throughout the complaint process.
- I agree with Admiral that this aspect of how it handled the claim wasn't good enough. It provided incorrect information about the claim and failed to update him about this over several months. This clearly caused Mr C some inconvenience and frustration. It offered him £150 to apologise for this. Our investigator didn't think this was enough, and recommended it pay Mr C another £100.
- Mr C doesn't think this "*fully reflect[s] the impact this matter has had on [him]*." He explained that his final monthly premium to Admiral was £152 – roughly the same as its proposed compensation payment – so, "*in real terms, the inconvenience, distress, and significant time spent resolving this issue were only recognised to the tune of around £100*." He also compared this to Admiral's company valuation.
- While I understand his point, I don't think Mr C's reference to his monthly premium or Admiral's market value is relevant. As our investigator explained, under the policy terms the full annual premium is payable if a policyholder makes a claim. That's because Mr C effectively 'used' his policy when Admiral paid the third party's costs. And our awards reflect the avoidable distress and inconvenience an insurer has caused the policyholder, rather than a refund or reimbursement of policy costs.
- I've considered what this service awards in similar situations. Having done so, I agree with our investigator's recommendation to increase Admiral's award to £250.
- Mr C accepted liability for the accident and Admiral recorded the claim as a fault against him. That's because a claim is considered 'fault' when the policyholder's insurer doesn't recover its full costs from a third party. Mr C wants Admiral to remove the claim from his record but that would be both incorrect and, in my opinion, unwarranted.
- I accept that Admiral's engineers provided an estimate of repair costs, but it's possible there was damage to the vehicle that couldn't be identified from a desktop review. I think it's likely the third party insurer will have asked its own engineers to assess the vehicle. This doesn't sound like a particularly complex claim and, in the circumstances, I don't think it was unreasonable for Admiral to accept the third party insurer's costs. It follows that I think its decision to settle the claim at £3,000 was reasonable.
- Admiral told us: "*There would be no difference in the rating factors on the claim cost of £3,021.91 and a cost of £1,200. We would rate on the fact that an accident has occurred, but the difference in price would not affect this*." So I'm satisfied that the settlement value won't negatively impact the price of his future insurance policy. I'm also satisfied that Admiral explained this to Mr C in its response to his complaint.

My final decision

My final decision is that I uphold the complaint and order Admiral Insurance (Gibraltar) Limited to pay Mr C £250. It can deduct £150 from this award if it has already paid him this amount to Mr C.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 13 October 2025.

Simon Begley
Ombudsman