DRN-5747148

The complaint

Miss H has complained that Admiral Insurance (Gibraltar) Limited has declared the cover for her partner under her car insurance policy null and void and declined her claim.

What happened

Miss H insured a car belonging to her partner, who I'll refer to as Mr A, under a policy with Admiral in September 2024 with effect from 1 October 2024. She also added Mr A as a named driver under this policy.

Mr A's car was stolen from outside his and Miss H's home in December 2024. Miss H submitted a claim under her policy. Admiral investigated the claim and checked Mr A's driving licence. It found out he had several motoring convictions. As a result of this Admiral told Miss H it was exercising its option to declare all cover for Mr A 'null and void' from the date which he was added to her policy, i.e. 1 October 2024. And that – as a result of this – it was unable to deal with her claim.

Miss H complained to Admiral, but it wouldn't alter its position. Although it did accept it could have handled the matter better. And it paid Miss H £125 in compensation to reflect this. Miss H asked us to consider her complaint. One of our investigators did this. She said it should be upheld. And she explained that Admiral should not have declined Miss H's claim because Mr A had been removed from the policy, as his car was still insured under it. She said Admiral should consider the claim in accordance with the policy terms and conditions. She also said Admiral should pay Miss H a further £125 for the distress and inconvenience she'd experienced due to its incorrect decision to decline her claim.

Admiral did not agree with the investigator's view and asked for an ombudsman's decision. It said that because it would never have insured Mr A, and it was his car Miss H took out the policy to cover, the policy would never have been taken out if she'd declared his motoring convictions. And that, in view of this, it does not think it should have to deal with the claim for his car.

I issued a provisional decision on 24 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.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Admiral didn't avoid Miss H's policy but instead declared the cover under it for Mr A null and void. And I assume the refund of premium of £590.75 it provided, which is not the full policy premium, means it only charged Miss H for the policy up to the point Mr A's car was stolen. It also referred to the conditions of the policy in the same email, which implied it was relying on these.

It is not in dispute that when Miss H obtained a quote for adding Mr A and his vehicle, she effectively answered a question asking whether he had any motoring offences by saying he didn't have any. And when she got the Motor Proposal Confirmation to check which showed this, she didn't correct it. However, when she made her claim Admiral discovered Mr A had several serious motoring convictions. And Miss H did not dispute this and explained she was not aware of them when she took out the policy. And it is clear from this that she didn't ask Mr A whether he had committed any motoring offences before she took out the policy. Admiral has said this was a careless misrepresentation.

I agree that Miss H's misrepresentation was careless because she should have checked with Mr A whether he'd committed any motoring offences, but she didn't and assumed he had not. The remedy under CIDRA if the misrepresentation was careless and the insurer would have entered into the consumer insurance contract, but on different terms (excluding terms relating to the premium), is for the contract to be treated as if it had been entered into on these different terms. And this seems to be the remedy Admiral has used, as it has declared the cover for Mr A null and void. And it has confirmed that it would have provided the policy for Miss H without Mr A as a named driver. So, effectively the policy continued on different terms, i.e. without Mr A as a named driver. I appreciate the policy was cancelled, but this was only after the car insured under it was stolen and the cover wasn't needed any more. As the revised policy would still have covered Mr A's car for theft, this means that in accordance with CIDRA Admiral needs to consider Miss H's claim for it.

And it does seem that Admiral considered Miss H's claim. But it has refused it. It has said this is because the car insured under the policy belonged to Mr A. And, if Miss H had declared Mr A's motoring offences, it would have refused to provide cover for him and Miss H would then have taken a policy elsewhere to cover his car. So, Admiral thinks that because this means it would never have been on cover for Mr A's car, it does not have to pay Miss H's claim for it. But this is not a remedy that is available to Admiral under CIDRA and therefore I do not consider Admiral was entitled to reject Miss H's claim for this reason.

This means that I consider the fair and reasonable outcome to Miss H's complaint is for Admiral to reconsider Miss H's claim for Mr A's car in accordance with the terms and conditions of her revised policy on different terms, i.e. without Mr A as a named driver.

However, I do not consider Admiral needs to pay Miss H any further compensation for distress and inconvenience. This is because the reason Miss H was in the position she was in was largely because of Mr A's failure to tell her about his motoring offences. And, while I do think Admiral could have handled the misrepresentation issue better, I can see why it had reservations about Mr A benefiting from a claim under the policy. So, I'm satisfied what Admiral has already paid Miss H for distress and inconvenience is enough.

My provisional decision

I have provisionally decided to uphold Miss H's complaint about Admiral Insurance

(Gibraltar) Limited and require it to consider Miss H's claim for Mr A's car in accordance with the revised terms of her policy as set out above.

I gave both parties until 7 August 2025 to provide further comments and evidence in response to my provisional decision.

Miss H has responded to say she accepts my provisional decision. Admiral has not provided any further comments or evidence.

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 Miss H has accepted my provisional decision and Admiral has not provided any further comments or evidence, I see no reason to depart from the conclusions I set out in it.

My final decision

For the reasons set out in my provisional decision dated 24 July 2025 I have decided to uphold Miss H's complaint about Admiral Insurance (Gibraltar) Limited and require it to do the following:

Reconsider Miss H's claim for Mr A's car in accordance with the terms and conditions of a revised policy on different terms as set out in my provisional decision, i.e. without Mr A as a named driver.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 8 September 2025.

Robert Short
Ombudsman