

The complaint

Mr K complains Admiral Insurance (Gibraltar) Limited (Admiral) unfairly declined to settle his claim on his motor insurance policy.

There are several parties and representatives of Admiral involved throughout the complaint but for the purposes of this complaint I'm only going to refer to Admiral.

What happened

Mr K found white smoke coming from his car exhaust. He contacted Admiral who said it believed the fault was mechanical, so should be covered by the warranty. The main dealer inspected the car and diagnosed damage to the EGR valve, catalytic converter and exhaust system, it said there was a calcium and carbon build up and it wasn't covered by the warranty.

Admiral undertook its own inspection of the car and tested the fuel, which was found to be contaminated. It eventually declined to settle the claim on the basis that while the fuel was contaminated, contaminated fuel wouldn't cause the damage seen.

Because Mr K was not happy with Admiral, he brought the complaint to our service.

Our investigator upheld the complaint. They looked into the case and thought Admiral had fairly declined to settle the claim. However the claim ran on for several months, which was longer than needed. They said it could have identified much sooner than it did, that the claim wasn't likely to be covered. They said it should pay Mr K £300 compensation for the time and effort he spent as a result of how the claim was handled.

As both Mr K and Admiral are unhappy with our investigator's view the complaint has been brought to me for a final decision to be made.

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.

Claim outcome

When looking at complaints relating to claims for damage to a vehicle, our service can't determine how the damage occurred. Instead what we look at is the information the insurance company relied on to make its decision.

Mr K said he noticed thick white smoke coming out of the car exhaust in early September 2024, and he contacted Admiral about the issue in mid-September 2024. Based on the information provided Admiral believed the fault to be mechanical and so wasn't covered under the terms of the policy. It said it would be covered by the car warranty.

Mr K contacted the main dealer and organised for his car to be towed there. I saw the main dealer explained in detail that contaminants in fuel can lead to excessive carbon build up within key engine components, causing damage over time, and eventual cracking of the EGR cooler, leading to coolant entering the exhaust gas flow, which was consistent with the issues seen in his car. It said the nature of the damage and its link to fuel related contamination rather than a manufacturing fault meant it wasn't covered by the warranty.

Mr K contacted Admiral again and he said it verbally confirmed to him that contaminated fuel was covered by his policy. I checked the policy terms and conditions but found no specific reference to contaminated fuel.

It organised for an independent assessor to examine the car on 25 October 2024. A sample of fuel was taken and when tested it concluded the petrol to be contaminated and it ruled out mis-fuelling. In January 2025 requested further testing of the fuel. The independent assessor confirmed that further testing of the fuel, wouldn't prove anything as it had been topped up with new fuel. So this didn't happen.

Admiral then declined to settle the claim for the reason contaminated fuel wouldn't cause the damage seen.

The information provided by the main dealer explained the issue had developed over a *period of time*. It explained that corrosive elements in the contaminated fuel damaged the EGR cooler which *eventually* cracked and then coolant leaked in to the exhaust system and caused damage to other components in the car engine.

It's important to again note that our service can't determine how the damage to Mr K's car occurred. What we have to consider is the information or opinions Admiral relied on to make its decision. I'd expect to see either a report or opinion from a qualified expert, and I'm satisfied Admiral used an engineer's professional opinion which said it was gradually caused damage – so wear and tear rather than a one off incident to make its decision. I saw in section 2 of the policy terms and conditions it says;

"5. We will not pay:

4. For wear and tear.

6. For any loss or damage caused by mechanical, electrical, electron, cyber incident, computer failure, breakdown, breakage or malfunction."

I recognise Mr K will be very disappointed and I am aware the damage to his car has cost a significant amount of his own funds to repair, but based on the evidence I have seen I am persuaded Admiral fairly declined to settle his claim. And therefore I don't require it to do anything further regarding Mr K's claim.

Service

It took several months for Admiral to make a decision to decline the claim. I understand it is reasonable for it to be able to carry out a thorough investigation to enable it to consider its claim decision. However in this case I think there were avoidable delays in making its decision. If it intended to decline to settle the claim due to the damage being wear and tear it isn't clear why a second test on the fuel in the car was thought to be necessary.

Admiral were also not clear to Mr K as the reason it had declined his claim In February 2025. It initially said it had declined his claim for the reason the fuel wasn't contaminated. I haven't seen any explanation as to why it said this, because I saw the independent confirmed the fuel to be contaminated. It then confirmed it had declined to settle his claim because contaminated fuel couldn't cause the type of damage seen on the car.

Therefore, I uphold this part of Mr K's complaint.

Putting things right

I require Admiral to pay Mr K £300 compensation for the inconvenience caused to him due to the time taken for it to decide on his claim outcome and for the confusion caused by its unclear reasons to decline.

My final decision

For the reasons I have given I uphold this complaint.

I require Admiral Insurance (Gibraltar) Limited to pay Mr K £300 compensation for the distress and inconvenience caused.

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

Sally-Ann Harding
Ombudsman