

The complaint

Miss H and Mr J complain about how Admiral Insurance (Gibraltar) Limited handled a claim on their motor insurance.

What happened

Miss H had an Admiral motor insurance policy, originally taken out in 2019 and which automatically renewed in January each year. In October 2024, Mr J – a named driver on the policy – was involved in a road accident. The car was declared a total loss and Admiral agreed to settle the claim.

During settlement discussions, Admiral found that Mr J hadn't notified it about penalty points on his licence. Admiral also found that Miss H and Mr J were driving significantly more than the estimated mileage on their policy. It explained that this meant Miss H was only paying 76.34% of the premium she should have been paying. As a result, it would settle the claim on a proportionate basis. It paid 76.34% of their claim rather than the full market value of their car.

When Mr J complained about this, Admiral offered him £150 to apologise for some unrelated failings in its handling of the claim. However, it explained the discrepancies in the policy, and how this was considered a misrepresentation. It said this meant there was an “*underpayment*” of the premium which was why the claim would be settled proportionately.

Mr J didn't accept this and brought his complaint to this service. He said, in summary:

- Admiral failed to update his address for four years.
- This exposed him to the risk that Admiral continued to send personal and sensitive information to the wrong address.
- He asked it to update his address four more times between January and March 2025, but it failed to do so.
- His non-disclosure of penalty points was an administrative error, not a deliberate omission.
- Admiral continued to renew the policy without flagging any issues or prompting them to update their details.
- The proportionate settlement is unjust when set against Admiral's own admin failings.
- This has led to a significant financial loss, affected their credit rating, and caused them distress.

Our investigator didn't recommend that the complaint should be upheld. She explained that the Consumer Insurance (Disclosure and Misrepresentation) Act 2012 (CIDRA) applied in this case. She found that Mr J had made a careless misrepresentation about his penalty points and mileage. As such, she thought Admiral's proposal to consider the claim on a proportionate basis was fair. She also thought its £525 compensation offer for its admin failings was fair.

Mr J didn't accept this. He doesn't think the application of a proportionate settlement fairly reflects Admiral's failures. And he doesn't think the proposed redress covers his financial loss.

The complaint was passed to me to review.

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 find:

- As our investigator explained, the relevant law here is the Consumer Insurance (Disclosure and Representations) Act 2012 ('CIDRA'). CIDRA requires consumers to take reasonable care not to make a misrepresentation when they take out an insurance policy. The standard of care is that of a reasonable consumer.
- Admiral's investigation showed that Mr J had three penalty points added to his licence in October 2023. Mr J doesn't dispute this. But under 'Motoring Offences (within the last 5 years)' on the January 2024 policy schedule, Mr J lists 'None'. I found no evidence that Mr J or Miss H told Admiral about this offence.
- The car's mileage showed it had travelled almost 5,200 miles in 133 days between July and November 2024. That's equivalent to over 14,000 miles per year. Their estimated annual mileage had been changed to 3,000 miles in May 2024, reduced from 5,000 in the January 2024 schedule.
- Admiral had other concerns. However, it agreed to ignore these when it settled the claim. So the key issues were the October 2023 penalty points and the annual mileage.
- I'm satisfied that the policy documents clearly tell Miss H and Mr J that they need to tell Admiral about any changes to their circumstances, and the implications of not doing this.
- For example, the Motor Proposal Confirmation says: "*You must check this document carefully because it is your record of the information you have provided and we have used this to assess the risk that we are undertaking. Once you have checked this document, if any information is found to be incorrect, please contact us immediately. Failure to notify us of corrections or changes could mean we do not pay your claim, reduce the amount you are able to claim for or even result in your policy being declared void.*" The policy booklet, schedule, and insurance certificate contain similar warnings.
- Furthermore, I think a reasonable consumer would know that they need to notify their insurer about any driving penalties, and would also know if they were driving nearly five times more than they said they would. So I don't think Miss H and Mr J took reasonable care not to make a misrepresentation.
- For the avoidance of doubt, I'm satisfied that Admiral emailed Miss H every year to tell her that her policy documents were available on her online account. Miss H's preferred contact method is email, so this is reasonable and in line with her request. Admiral told us: "*the majority of policy and claim correspondence has been sent via email to the correct email address*".
- Admiral has shown that it would still have insured both Miss H and Mr J if it had known about Mr J's penalty points, but it would have charged Miss H a higher premium. That means this was a qualifying misrepresentation under CIDRA.

- Admiral has said it believes this misrepresentation was careless, rather than deliberate or reckless. I think that's fair. Mr J told us this any omissions weren't deliberate but were an "*administrative error*". That meets the definition of careless misrepresentation.
- Under CIDRA, if the qualifying misrepresentation was careless, an insurer can reduce the amount to be paid on a claim proportionately. That's the case here.
- Miss H's annual premium was £909.38. Admiral has provided us with its underwriting criteria showing how this the revised premium was calculated. This is commercially sensitive so I'm unable to share it with Mr J or Miss H. The additional premium – adjusted for the correct mileage and Mr J's points – was an extra £281.82. That means the premium should have been £1,191.20. On that basis, Admiral agreed to pay 76.34% of the claim.
- Taking all the above into account, I think Admiral settled the claim fairly and reasonably.
- Admiral sent us proof that Miss H had updated her address on her online account in June 2021. It told us that any documents sent by post were sent to Miss H as the policyholder, not to Mr J. I accept this. I think it would be incredibly unusual for an insurer to send documents to a named driver on a policy rather than the policyholder.
- It acknowledged that it failed to update Mr J's address. However, for the reasons I've mentioned, it doesn't believe there's been a data breach. It thinks it has fairly compensated Mr J for its error, and says this shouldn't affect settlement of the claim.
- I agree. I'm not persuaded that the issues with Mr J's address are so serious as to change my finding on Admiral's settlement of the claim.

For the reasons above, I'm satisfied that Admiral handled the claim fairly.

I've thought about Aviva's £525 compensation for its service failings. As our investigator explained, we don't look at this in terms of the shortfall in the settlement or the outstanding finance on the car. It's an award to reflect any distress and/or inconvenience that resulted from how Admiral's handled the claim. I've thought about the level of award this service might give in similar circumstances. Having done so, I think Admiral's offer is fair. It follows that I don't uphold the complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr J to accept or reject my decision before 24 October 2025.

Simon Begley
Ombudsman