

The complaint

Mr J complains that Admiral Insurance (Gibraltar) Limited (Admiral) increased the premium for his motor insurance policy because it said he had made a misrepresentation when he renewed the policy.

What happened

Mr J renewed his policy with Admiral in October 2024. Admiral carried out validation checks and found that Mr J had an undeclared claim on his record. In March 2025 Admiral wrote to Mr J to say it had updated his claim details and this had resulted in a premium increase of £931.96. Admiral said it would apply for the additional premium on 1 April 2025. It also gave Mr J the option to cancel the policy if he didn't wish to pay the additional premium.

Mr J called Admiral a few times to get clarification on the additional premium but he was provided with unclear and confusing information. In April 2025 Mr J raised a complaint about Admiral's poor communication. In its response to the complaint, Admiral acknowledged it had provided Mr J with incorrect information when he'd queried the premium increase. To apologise for this, Admiral offered £70 compensation. But it maintained the additional premium needed to be paid and that Mr J could cancel the policy if he didn't wish to pay it.

Unhappy with Admiral's response, Mr J referred this matter to our Service. Admiral told our Service Mr J hadn't declared a claim from January 2023 which was made on a previous policy he'd held with Admiral. Admiral said this undeclared claim resulted in Mr J's premium increasing and that it was correct to ask him to pay it. But Admiral acknowledged it had given Mr J incorrect information about it. Admiral offered £100 compensation and a letter of apology for the misinformation. Our Investigator communicated this offer to Mr J but he rejected it.

The Investigator then carried out a full review of this complaint and concluded that Admiral's offer was fair. Mr J disagreed with the Investigator's view. Mr J said he made Admiral aware of the claim in question as it was disclosed in previous renewals. Mr J didn't think he was liable for the increased premium. As the complaint couldn't be resolved, it has been passed to me for 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.

I'm aware I've set out the background to this complaint in less detail than the parties have presented it. I'm not going to respond to every single point raised. Instead, I've focused on what I find are the key issues here. I assure both parties, however, that I've read and considered everything they've provided.

Did Mr J take reasonable care not to make a misrepresentation?

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 thinks Mr J failed to take reasonable care not to make a misrepresentation when he renewed the policy. It said he should have declared a claim from January 2023. The test for whether the consumer took reasonable care is set out in CIDRA. The standard of care required is that of a 'reasonable consumer'. This means we need to consider what a reasonable consumer would have done in the circumstances. So, I've looked at the proposal form Mr J was sent when he renewed the policy. This form stated:

'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 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 proposal form went on to say:

'Claims : Have you or any driver had any accidents, incidents, thefts or losses, or made any claims (Fault or Non Fault) during the past 3 years other than those listed'?

I think this was a clear question asked of Mr J at the renewal of his policy. The form only listed two claims from May 2022 and June 2022. The claim from January 2023 wasn't listed and Mr J didn't contact Admiral to correct this. I'm therefore persuaded Admiral's decision in saying Mr J made a misrepresentation is fair. I appreciate Mr J believes he made Admiral aware of the claim as it was disclosed in his previous renewals. But I'm satisfied the above renewal information Mr J received was clear in explaining that it was his responsibility to ensure the details set out in the proposal form were accurate.

Was Mr J's misrepresentation a qualifying one?

The next question I've considered is the impact on Admiral as a result of Mr J's misrepresentation. Admiral has provided evidence from its underwriters which shows that if Mr J had not made this misrepresentation, it would still have offered him cover but it would have charged him a higher premium. So, the impact of Mr J's misrepresentation to Admiral is that it received less premium than it would've otherwise received. This means I'm satisfied Mr J's misrepresentation was a qualifying one under CIDRA.

Admiral has given us some information about how they calculated Mr J's premium at the time of the renewal, and what it would've charged if the claim from January 2023 had been disclosed. That information is commercially sensitive so I can't share it with Mr J. But, having looked at it carefully, I'm satisfied Admiral has treated Mr J as it would other consumers with similar circumstances. So, I'm satisfied that Admiral has dealt with Mr J fairly, and that it hasn't singled him out.

Admiral thought Mr J's misrepresentation was careless. And I think that's fair and reasonable as Mr J has explained he thought he'd made Admiral aware of the claim due to it being disclosed in previous renewals. As I'm satisfied Mr A's misrepresentation should be treated as careless, I've looked at the actions Admiral took to see if they were in accordance with CIDRA.

Did Admiral take the appropriate actions under CIDRA?

Under CIDRA, if the qualifying misrepresentation was careless, and if the insurer would still have provided the insurance but charged a higher premium, the insurer may change the terms of the policy and/or reduce proportionately the amount to be paid on any future claim. The insurer must give notice to that effect to the consumer or may instead cancel the policy altogether by giving reasonable notice to the consumer.

If the insurer tells the consumer it wants to change the terms of the policy and/or reduce proportionately the amount to be paid on any future claim, the consumer has the right to cancel the policy by giving reasonable notice to the insurer. If either party cancels the policy the insurer must refund any premiums paid for the cancelled cover in relation to the time left on the policy.

I've looked at the email of 18 March 2025 which Admiral sent to Mr J to see what options it gave him when it discovered the misrepresentation. I can see Admiral recalculated the premium and this resulted in an increase of £931.96. Admiral told Mr J it would debit this amount on 1 April 2025. It also gave him the option to cancel the policy if he didn't wish to pay it. This isn't in keeping with the remedies available to it under CIDRA. In situations where the consumer hasn't made a claim and the misrepresentation was discovered for some other reason, CIDRA says the insurer can choose to do the following:

- cancel the policy by giving the consumer reasonable notice; or
- keep it going and settle any future claims proportionately

I can see that Admiral gave Mr J the option to cancel the policy. Admiral didn't tell Mr J that he could keep the policy in place for no additional premium but that any future claims would be settled proportionately. Instead, Admiral applied for the increased premium but the payment was declined.

Our approach is that we won't normally interfere if the consumer is happy with the insurer's offer to keep the policy in place in return for additional premium (equal to what it would have charged if it had had the correct information at the start of the policy).

However, if the consumer doesn't want to pay that additional premium the insurer must use the remedies available in CIDRA. And we'd often think that the fairest outcome would be for the insurer to give the consumer the opportunity to cancel the policy themselves, given this may not then lead to them having to declare in the future that an insurer had cancelled a previous policy.

It's clear to me that Admiral didn't act in accordance with CIDRA. However, from what Mr J has told us, he has yet to pay the additional premium. And so, we'd expect the three options are still open to him to choose from. It is for Mr J to decide how he wants to proceed.

Customer Service

It's not disputed that Admiral could've handled things better. Admiral initially offered £70 for its poor communication. It later offered an additional £100 compensation, bringing the total compensation to £170.

Having considered what has happened, I'm persuaded this amount is fair and in line with what we'd direct in the circumstances. I think this amount recognises Admiral's poor communication around the premium increase and the distress and inconvenience caused to Mr J. So, I'll be asking Admiral to pay Mr J a total of £170 compensation. If any of this amount has been paid, Admiral is directed to pay the outstanding amount only.

Putting things right

Admiral Insurance (Gibraltar) Limited is directed to:

- Use the remedies available under CIDRA for careless misrepresentation
- Pay Mr J £170 (if any part of this compensation has already been paid, Admiral is directed to pay the outstanding amount only)

My final decision

I uphold this complaint. Admiral Insurance (Gibraltar) Limited is directed to settle Mr J's complaint as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 20 November 2025.

Linda Tare
Ombudsman