

The complaint

Mrs I complains that Admiral Insurance (Gibraltar) Limited are recovering excessive costs from her following a claim on her car insurance policy.

What happened

Mrs I has a car insurance policy with Admiral. Her husband, Mr I, used her car whilst not insured on the policy. Unfortunately, Mr I was at fault for an accident whilst using the car in 2021. Admiral informed Mrs I the claim wasn't covered under her policy, but under The Road Traffic Act (RTA), they had to cover the third party's costs and they'd be recovering this from Mrs I. In 2024, Admiral informed Mrs I the total costs were £19,450.37. This was broken down as £10,036.68 for repairs and £9,413.39 for car hire. Mrs I complained as she thought the amounts were excessive and it had taken too long for Admiral to contact her.

Admiral upheld Mrs I's complaint. They agreed it had taken them too long to contact her and awarded £200 compensation. However, they didn't think they'd done anything wrong regarding the amount she owed. Mrs I was still unhappy so brought the complaint to this service.

Our investigator didn't uphold Mrs I's complaint. She thought the compensation was fair and didn't think Admiral had done anything wrong in relation to the amount owing. Mrs I appealed. She thought the repair time was excessive, the third-party's car was roadworthy, so they didn't need a hire car for the duration, and it had been almost three years without notification from Admiral. As no agreement could be reached, the complaint has been passed to me to make a final decision.

Because I disagreed with our investigator's view, I issued a provisional decision in this case. This allowed both Admiral and Mrs I a chance to provide further information or evidence and/or to comment on my thinking before I made my final decision.

What I've provisionally decided – and why

I previously issued a provisional decision on this complaint as my findings were different from that of our investigator. In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Based on what I've seen so far, I intend to uphold Mrs I's complaint.

At the outset I acknowledge that I've summarised her complaint in far less detail than Mrs I has, and in my own words. I'm not going to respond to every single point made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. The rules that govern the Financial Ombudsman Service allow me to do this as it's an informal dispute resolution service. If there's something I've not mentioned, it isn't because I've overlooked it. I'm satisfied I don't need to comment on every individual point to be able to reach an outcome in line with my statutory remit.

The terms and conditions of Mrs I's policy say Admiral won't be responsible for any loss or damage sustained to Mrs I's car when being used by someone who isn't shown on the certificate of insurance.

It's not in dispute that Mr I wasn't covered by this policy or that he didn't have another policy which allowed him to drive other cars.

As Mrs I's car was insured by Admiral at the time of the accident, Admiral are obliged under the RTA to deal with the third-party's claim. However, the terms of Mrs I's policy allow Admiral to recover what it has to pay under the RTA. The policy says as follows:

"Right of recovery

*If an incident occurs which is not covered by this policy and **we** are required by the law of any country to make a payment, **we** can recover that amount from **you** or any other insured person."*

I'm satisfied Admiral is, in principle, able to recover what it paid for the accident from Mrs I.

Admiral has said it paid £19,450.37 in total to the third-party. I've looked at whether Admiral has done so fairly and reasonably. I note there is a discrepancy as the repair costs and car hire costs only come to £19,450.07. So, I've assumed there is a typo.

I'll address the repair costs first. Admiral has sent us a copy of the Audatex report which breaks down the full cost of repairs. This comes to £10,036.68. Mrs I doesn't object to the amount of this repair, more the length of time it took. The third-party's car was a high-end SUV, so the repair costs are likely to be higher than an average car. I don't think the repair costs are unfair or unreasonable.

I've also looked at the hire car charges Admiral paid for the third-party to use whilst their car was repaired. In total, Admiral paid £9,413.39 for the hire car. This is because the third-party used the hire car for seven weeks and it was a similar high-end SUV. Admiral has said the length of time the third party was using the hire car for was due to a delay in getting a part for the repair.

Admiral hasn't shown why the delay in getting this part made the third-party's car unroadworthy. I can see on the Audatex report that the severity of impact was "medium" and the vehicle status was "mobile". I'm not satisfied considering this information that the third-party had a need for a hire car while they waited for the part to be delivered. I've also not been provided evidence as to why the third-party needed a like for like hire car. Finally, Admiral hasn't shown me that the third-party couldn't have afforded to hire a cheaper car themselves.

We've asked Admiral to explain how it verified the hire car costs to ensure it had acted fairly and reasonably in paying them. Admiral provided an email chain where they'd questioned the length of hire but not the need.

Whilst Admiral might be required to cover the costs under the RTA, I'm not persuaded it has shown it was fair and reasonable to pay the hire costs, particularly considering that they amounted to nearly the same as the repair costs. I'm also aware there are certain requirements which need to be met for someone to use credit hire, and Admiral hasn't shown it checked the third-party met these. Mrs I has said she had to undergo checks herself after a recent accident she wasn't at fault for. This resulted in her having to pay for her own hire car.

So, when taking all of the above into account. I'm not satisfied Admiral acted fairly and reasonably in paying the third party's hire costs. So, I don't agree it's fair for Admiral to recover the £9,413.39 it paid for the hire car charges from Mrs I.

To be clear, out of the £19,450.37 Admiral paid, I'm satisfied it's only fair and reasonable for Admiral to recover £10,036.68 from Mrs I for this incident.

I've also considered that trying to recover over £20,000 from Mrs I three years after the accident would be distressing. Admiral has already offered £200 for the delay in informing Mrs I about the recovery. I think this is fair for this aspect. However, as I'm not persuaded Admiral acted fairly in trying to recover the full £20,000, it should pay an additional £300 compensation, for the distress and inconvenience caused. This is because Mrs I couldn't afford it and has told us about the stress this caused to her."

I set out what I intended to direct Admiral to do to put things right. And gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses to my provisional decision

Mrs I accepted my provisional decision.

Admiral confirmed they didn't agree with my provisional decision. They felt they'd paid a reasonable amount for the credit hire. They argued the report doesn't confirm roadworthiness or structural safety. They also said the third party was entitled to a like for like car and provided case law.

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've thought carefully about the responses to my provisional decision. Having done so, while I appreciate it will come as a disappointment to Admiral, my conclusions remain the same. I'll explain why.

In their response, Admiral has said the following:

"On review there are cracks in the bumper and damage to the towbar... The safety aspect would render it unsuitable if the TP did not feel safe or there were loose parts"

Whilst the above, may be the case, Admiral don't have any evidence to confirm it. There's no evidence the third party's car was deemed unroadworthy or unsafe to drive. There's no evidence there were loose parts nor that the third party felt unsafe in the car.

Admiral has provided some case law to support it being reasonable for the third party to have a like for like car. In the case law provided, the third party driver was unemployed, had the need for a replacement car and was unable to afford a replacement car themselves. In this case, we have no information as to whether the third party had the need for a replacement car, and if they did, if they could afford to hire one themselves, which likely would have been at a more favourable rate.

Based on the above, I don't think Admiral did enough to investigate the claim before making payment of the credit hire costs. So, I'm not satisfied Admiral acted fairly and reasonably in paying the third party's hire costs. My outcome and redress remains the same for the same

reasons.

Putting things right

To put things right, Admiral should do the following:

- Not recover the £9,413.39 it paid for the car charges.
- Pay Mrs I a total of £500 compensation for distress and inconvenience

My final decision

For the reasons I've explained above, I uphold this complaint and direct Admiral Insurance (Gibraltar) Limited to put things right by doing as I've said above, if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I to accept or reject my decision before 2 October 2025.

Anthony Mullins
Ombudsman