

The complaint

Mr E has complained that Admiral Insurance (Gibraltar) Limited quoted him a very high insurance premium for his van after he was involved in a non-fault accident.

What happened

I issued a provisional decision regarding this complaint earlier this month. In that decision I said I was considering upholding the complaint and asking Admiral to pay Mr E £500 compensation for the distress and inconvenience it caused him. I also said I would consider a potential loss of earnings claim for Mr E if he provided the necessary information when responding to this decision. An extract from that decision follows:

“Mr E had a commercial vehicle policy with Admiral for his van. Unfortunately, he was involved in a non-fault accident in September 2024 which rendered his van a total loss. Mr E said, after his claim was settled, Admiral cancelled his policy, so he sought to purchase a new one for his replacement vehicle. He said that the premium was previously £1,100 but his new quote was £7,000 which he couldn’t afford to pay.

Mr E complained to Admiral, but it didn’t uphold his complaint. It said the price offered was a quote which Mr E wasn’t obliged to accept. It added that its quotes are based on aspects such as personal details, car details, address and claims history. It also explained that its pricing structure is commercially sensitive and not something it could share with Mr E.

Mr E then brought his complaint to our service. He said other than providing a very high quote for his replacement van, Admiral also wouldn’t accept payments in instalments. So he didn’t insure his new van and had to rely on others to drive him around or using a car. This meant he wasn’t able to return to work fully and had to rely on savings to pay his bills.

Admiral told us that the claim is still open but it has issued Mr E with a letter for his new insurer to confirm that this is being treated as a non-fault claim.

One of our investigators reviewed the complaint and thought it should be upheld. Our investigator said that we would have expected Admiral to have kept the policy live to allow Mr E some more time to get a replacement vehicle and add it to the existing policy. He noted that the policy was cancelled two weeks after the accident which wasn’t a long enough period. Our investigator thought Admiral should pay Mr E any loss he may have suffered in relation to his earnings between 23 September 2024 when the policy was cancelled and the date it was due to end on 22 February 2025. He also thought Admiral should pay Mr E £400 for the distress and inconvenience it caused him.

Admiral didn’t agree and said it discussed the option of adding a new vehicle on the existing policy with Mr E but he chose to get his premium refunded instead. Our investigator listened

to the relevant call, but didn't change his view. Our investigator didn't think Mr E opted for a refund but simply confirmed that he had received it. Admiral didn't agree and asked for an ombudsman's decision.

Before I proceeded with my decision, I asked Admiral to provide some further information. I noted that Admiral said that when he obtained his new quote from Admiral, Mr E declared that he'd had a policy cancellation by an insurer (presumably referring to Admiral cancelling his existing policy). Admiral said that though this was technically correct, this cancellation which was following a successful claim rather than a cancellation due to a breach of the policy terms, wasn't one Mr E had to declare when taking out a new policy. I asked Admiral to rerun the quote Mr E would have likely been given had he not declared this cancellation. Admiral said based on the information available to it, the likely quote would have been £3,937.26. So, £3,149.81 less than what Mr E was actually quoted.

I went back to Admiral once more and asked if the claim was still open and it confirmed that it was, due to ongoing litigation even though liability is not in dispute. I also asked it to confirm what Mr E's premium would have been had he been able to add his new vehicle onto his existing policy. Admiral said the new premium would have been £1,081.82 between November 2024 and February 2025 when the policy was due to expire.

What I've provisionally 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.

Mr E's policy provided cover in the event that, among other things, his vehicle is damaged in an accident. The policy says Admiral may decide to pay a cash sum to replace the damaged vehicle. If that is the case, the most it will pay is the market value of the vehicle.

Admiral wrote to Mr E a day after the accident to let him know his van was a "write-off". It also said that as it was proceeding with the claim on a total loss basis, the policy would be cancelled. As our investigator said, we think it is fair and reasonable for an insurer to allow a reasonable amount of time for the insured to add a new car to their existing policy if they wish.

Mr E said Admiral initially told him it wouldn't refund his premium to enable him to add another van on the policy, but it later cancelled the policy on 23 September 2024, two weeks after the accident. I don't think this was fair and reasonable, especially as, at that point, Mr E hadn't yet received his total loss settlement from Admiral. So, even if he wanted to, he wouldn't have been able to purchase another vehicle to add to his existing policy. From what I have seen, Mr E accepted Admiral's valuation on 4 October 2024. I think Admiral should have waited a month or so after paying the total loss amount to Mr E before proceeding with the cancellation. Though this may not be in the terms and conditions, it is something we consider to be good practice. I think this would have been a reasonable time to enable Mr E to find and purchase another van. So, I think the policy was cancelled prematurely and should not have been cancelled before 4 November 2024.

Admiral said it spoke to Mr E on 4 October 2024 and offered him the option of adding another van on his policy. I have listened to the relevant call. Mr E and the handler he was

speaking to were initially discussing the valuation. The handler advised Mr E that he was entitled to a policy refund further to his policy being cancelled. The handler also said that if Mr E bought a new vehicle at that stage he would have been able to add it on the policy. Mr E said "ok, I've already had a refund". I do see that the handler told Mr E he could add a new car on the policy. But at the same time, I think the fact that the policy had already been cancelled, and Mr E had had his refund, would have been confusing for Mr E. So, though he was given the option to add a new car to the policy, I don't think this was realistic, bearing in mind the policy no longer existed. And I don't think he would have understood the implications of having the policy cancelled, as opposed to simply waiting and adding his replacement van to it.

Had Admiral allowed more time so that Mr E could have added a new vehicle on his policy, on balance, I think Mr E would have proceeded with this option bearing in mind the new quote was just over £1,000 for the remaining few months of the policy year. I think it is more likely than not that Mr E would have found this more affordable. And when the policy renewed in February 2025 Mr E would not have mistakenly declared a cancellation, bearing in mind the policy would not have been cancelled.

So, I think Admiral needs to put Mr E back in the position he would have been in had he been able to add his new vehicle onto his policy in November 2024. But, as I said above, the policy would have expired in February 2025. And after that, Mr E would have had to get a new insurance quote and though that insurance quote would not have included the cancellation he erroneously declared in 2024, it would have included the claim which would have still been open at that time; bearing in mind it is still open according to Admiral. So, it is more likely than not that Mr E's premiums would have increased from February 2025.

The main reason Mr E says he hasn't been able to return to work fully without a van is because the new quotes he obtained were too high and he couldn't afford them. Mr E obtained quotes for his new vehicle with other insurers on 14 and 28 October 2024 which came to over £5,000. His quote from Admiral was £7,087.07. However, these quotes included the erroneously declared policy cancellation. Admiral has now told us that if Mr E had not said he'd had a cancellation, which would have been correct, his new policy would have cost just under £4,000 which is significantly less than the quote he was given but still quite high compared to his pre-accident premium. Mr E hasn't confirmed this, but I expect that he will have declared the cancellation when he obtained quotes from other insurers, so they were also most likely inflated too. In addition this would have almost certainly limited his choice of insurers.

Taking everything into account and based on the information provided to me, I am not persuaded Mr E will have found Admiral's £3,937.26 quote affordable either, bearing in mind he wasn't able to afford quotes he'd received for £5,000 and that he was more used to paying around £1,000 for his policy. So, I think it is more likely than not that Mr E would have still not been able to insure his new van. But this would have happened after his policy expired in February 2025 rather than in November 2024.

Mr E said that he wasn't able to work since the accident and suffered a loss in his earnings. I understand that not having his vehicle would have impacted him, but I haven't seen any evidence such as accounts or wage slips in support of those losses. And without such

evidence, I am not considering asking Admiral to compensate him for this part of his claim. But even if I were to make such an award, I would only be able to award losses up to February 2025 and only if I considered Admiral to have been directly responsible for those losses. If Mr E is able to provide loss of earnings evidence when he responds to my provisional decision, I will consider it. But I'd also expect to see evidence of mitigation i.e. Mr E trying to minimize his losses, for example, by using other means of transport etc.; something he has confirmed that he has been trying to do since the accident.

Overall, I appreciate Mr E made a mistake with the quotes he obtained in declaring his cancellation, but this was understandable and it doesn't mean Admiral shouldn't pay him any compensation for the way it dealt with the matter. As I said above, I think it cancelled the policy far too early, before it even settled the total loss claim. And it could have done a better job at explaining to Mr E that he could add a new van on the policy and also that this wasn't a cancellation he needed to declare. I think Mr E not being able to continue with his existing policy which led to him being left without a van for many months will have caused frustration as well as distress and inconvenience. I think Admiral should pay Mr E £500 compensation for this."

Admiral accepted my provisional decision. Mr E didn't respond. We got in touch with Mr E before the deadline to respond to the provisional decision expired and provided him with a further copy of the decision and asked that he responds by the deadline. But there was no response.

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 there have been no additional comments from either party I see no reason to change any of the findings I made in my provisional decision. Furthermore, as Mr E hasn't been able to provide any evidence regarding his loss of earnings claim I have not been able to consider this part of his complaint further.

The findings I made in my provisional decision now form part of this, my final decision.

My final decision

For the reasons above I am upholding this complaint in part and asking Admiral Insurance (Gibraltar) Limited to pay Mr E £500 compensation for the distress and inconvenience it caused him.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mr E accepts my final decision. If it pays later than this it must also pay interest on it from the deadline date for settlement to the date of payment at 8% a year simple.

If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr E how much it's taken off. It should also give Mr E a tax deduction certificate if he asks for one so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 17 October 2025.

Anastasia Serdari
Ombudsman