

The complaint

Mr K complains that Admiral Insurance (Gibraltar) Limited (Admiral) refused to offer a partial refund of a motor insurance premium.

What happened

Mr K insured his car with Admiral. When he took out the policy, he said he'd cover around 15,000 miles per year.

Unfortunately, the car had a mechanical fault and was taken into a garage for repairs. These took around 8 months, meaning Mr K didn't use the car for that period and so covered significantly fewer miles than he'd indicated.

Mr K contacted Admiral, asking for a refund of part of the premium to reflect that he'd travelled fewer miles than he'd said he would. Admiral said it couldn't amend the policy or premium. Mr K complained to Admiral and then our service. Our investigator thought Admiral had acted reasonably. Mr K didn't agree and asked for an ombudsman's 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.

It's accepted that the number of miles that a car will cover during the period of insurance will effect the premium charged by an insurer. As insurance premiums are calculated based on the risk of a claim being made, it follows that if a car travels more miles, it's more likely a claim could occur.

I acknowledge that the reason Mr K's car didn't travel as many miles as had been estimated when he took out the policy was beyond his control. However, it's also important to note that Admiral had no responsibility for this either, as the car was being repaired for a mechanical fault.

During the period when the car was being repaired, Mr K spoke with Admiral on several occasions, both by phone and over a webchat function. These discussions focussed on cover for a courtesy car he'd been provided with. There's no evidence of a discussion about Mr K's car, or amending the policy to reflect a lower mileage.

I've considered whether Admiral should have offered to amend Mr K's policy when he was discussing the cover for the courtesy car, to reflect that fewer miles were going to be covered on the car. I'm not persuaded that's the case. Admiral wasn't to know what mileage Mr K was likely to cover during the remaining period of cover, or how the mileage he'd estimated when he took out the policy would be accrued.

I think it's fair to say that if Mr K knew he was unlikely to cover the mileage he'd estimated on the car during the period of insurance, he could have raised this and discussed amending the policy. I'm satisfied that if a policyholder is aware that the mileage they've estimated is

more than they'll cover, the obligation is on them to discuss that with the insurer, as they have that knowledge, rather than assuming the insurer will offer to amend it based on other changes to the cover being offered.

Admiral also notes that unless the car was declared off the road (SORN) with the DVLA, then by law insurance had to remain in place. I accept that, but would note that if Mr K had chosen to discuss this, then options including changing the level of cover could have been discussed, as well as the mileage estimate on the policy. However, as I've outlined above, I can't agree there was an obligation on Admiral to offer this, as it was reasonable to assume that Mr K would be best placed to determine whether he wanted to continue insuring the car, and on what basis, while it was off the road.

I've also considered whether Admiral's decision not to amend the policy details (and presumably the premium) when Mr K contacted it to ask for this. I think this was reasonable. While Mr K's circumstances were somewhat unusual, I don't think it would be fair to allow policy details to be changed after the cover is in force on the basis that certain elements of the cover (in this case, the full estimated mileage) weren't used. I don't think insurers should have to recalculate premiums at the end of a period of insurance if (for whatever reason) the policyholder has done significantly fewer miles than they previously estimated.

My final decision

I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 January 2026.

Ben Williams
Ombudsman