

The complaint

Mr T complains about the level of service provided by Admiral Insurance (Gibraltar) Limited and its agent following a claim made on his motor insurance policy. He wants £5,000 compensation for the trouble and upset caused.

What happened

Mr T's car was stolen and declared a total loss and Admiral arranged for a hire car for 28 days under his policy's terms and conditions. This car was stolen and Admiral's agent demanded £45,000 from Mr T for its loss. Eventually, after four months, this was reduced to £350 for the policy excess. But Mr T said these demands had caused him and his family considerable stress and upset for many months.

Admiral refunded Mr T's policy excess and paid him £200 compensation. And after the complaint came to our service, Admiral increased the compensation to £700. But Mr T was unhappy as he thought the demand for the policy excess had increased his premiums. He thought he'd asked for excess protection for his policy. And he said he felt threatened by the agent's demands.

Our Investigator thought Admiral's offer was fair and reasonable. He explained that only Mr T was an eligible complainant. He thought the agent's demands had been unreasonable. But he thought £700 compensation and the refund of the policy excess was fair and reasonable compensation for the trouble and upset caused over four months. He couldn't see evidence that Mr T had bought excess protection. And he explained that the two total loss claims rather than paying the excess would increase the premium.

Mr T replied that he thought the compensation wasn't sufficient for his financial losses and his trouble and upset. He said he'd lost his job because of the stress he suffered. Mr T asked for an Ombudsman's review, so his complaint has come to me for a final 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 can understand that Mr T felt frustrated and stressed by the service he received from Admiral and its agent. He said he was threatened with legal action to recover large sums. He said he was caused stress and trauma. And he had to spend many hours contacting Admiral and its agent to try and resolve matters. And now his premiums have increased significantly. I was sorry to hear about this.

Admiral has agreed that it and its agent made mistakes. The agent should have raised the issue of the stolen hire car with Admiral rather than with Mr T. This would have led to a further claim on his policy but would have avoided the resulting issues.

It took four months for this to be resolved, which I think is very poor service. And during that time Mr T was sent letters demanding payment and threats of debt collections. I can understand that he found this very stressful. And Mr T spent time making calls and sending multiple emails to try and resolve matters, when this should have been avoided.

The agent's emails went to Mr T's spam folder, so he didn't see them at the time. But the agent also sent letters to Mr T at various addresses, causing worry to his family members. But, whilst I was sorry to hear this, I can't consider compensation except for eligible complainants. And Mr T's family members weren't policy holders, so they are not eligible.

Mr T thought he had asked Admiral to add excess protection to his hire agreement. As the Investigator has already explained, we can't consider this complaint here as it was brought to us too late under the rules that govern us, and Admiral hasn't given us permission to consider it. But I note that in the end Admiral refunded Mr T's £350 policy excess which he had paid following the theft of the hire car, so he wasn't out of pocket in any case.

When an insurer makes an error, as I'm satisfied Admiral has done here, we expect it to restore the consumer's position as far as it's possible to do so, and we expect it to compensate the consumer for the impact of the error.

Mr T said his premium has increased so that he can no longer afford to drive. He thought this was because he had to pay the policy excess. But I don't agree. I think the premium would have increased because Mr T had two total loss claims on his record in a short space of time, increasing the risk to future insurers.

Mr T also said he was unable to work due to the stress caused by this matter. But while I don't doubt the effect this had on him, I haven't seen evidence to substantiate this. And so I can't reasonably hold Admiral responsible for this or ask it to pay him redress.

The demands for repayment of the value of the hire car were stopped after four months, though they should not have been made at all. A claim was made against Mr T's policy for the loss of the hire car, albeit six months after the event. As I've mentioned above, Admiral refunded Mr T's policy excess for the hire car claim. And so I think that restores Mr T's position as his driving record is accurate and he's now not out of pocket.

But this matter had a considerable impact on Mr T causing him avoidable stress, worry and upset over four months. And Mr T was caused significant inconvenience in having to sort this out. Admiral has offered to increase its offer of compensation for this to £700. I think that's in keeping with our published guidance for the impact caused by its errors, and so I'm satisfied it's fair and reasonable. I don't require Admiral to increase this further.

Putting things right

I require Admiral Insurance (Gibraltar) Limited to pay Mr T £700 compensation in total for the distress and inconvenience caused by its level of service, as it's already offered to do.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 30 October 2025.

Phillip Berechree
Ombudsman