

The complaint

Miss A complained that Admiral Insurance (Gibraltar) Limited (“Admiral”) unfairly declined her claim for damage to her car, under her motor insurance policy.

What happened

Miss A explained her car suffered from a sudden and catastrophic mechanical failure. This caused a ‘diesel engine runaway’. This meant the engine ran at maximum revs even with the key removed. The result was thick white smoke from the exhaust, a loud mechanical noise, overheating, and fluid leaking from under the bonnet.

Miss A said she called the fire brigade due to the risk of her car catching fire. However, she said there was no fire as the fire brigade cooled the engine with water.

Miss A said this incident caused severe damage to her car’s turbo charger and engine. She made a claim to Admiral, which it declined. It told her that mechanical failure isn’t covered under her policy and there was no evidence of a fire. Miss A didn’t think this was fair. She said the situation posed a fire hazard and her policy should cover loss where a fire risk causes the damage. As she remained dissatisfied, Miss A referred the matter to our service.

Our investigator didn’t uphold Miss A’s complaint. He thought Admiral had fairly declined her claim in line with its policy terms and conditions.

Miss A didn’t accept our investigator’s findings and asked for an ombudsman to consider her complaint. She said the fire brigade had to intervene to prevent a fire and that our service had accepted this as a ‘fire peril’ in similar cases.

The complaint has been passed to me to decide.

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.

Having done so I’m not upholding Miss A’s complaint. I’m sorry to disappoint her but I’ll explain why I think my decision is fair.

It’s for the policyholder to show they have suffered an insured loss. If they can then, generally speaking, the insurer should pay the claim. This is unless it can reasonably rely on a policy exclusion not to.

I’ve read the engineer reports provided by both Admiral and Miss A. Admiral’s independent assessor engineer said the car would no longer start. He referred to a failure with either the turbo charger or a blown head gasket. The engineer report Miss A provided said a turbo charger failure had resulted in the ‘diesel engine runaway’. Both engineers confirm that a mechanical failure was the cause of the problem. I note that Miss A also acknowledges this was the underlying cause.

Admiral's policy terms say:

"We will not pay:

For any loss or damage caused by mechanical, electrical, electronic, cyber incident, computer failure, breakdown, breakage or malfunction."

I think this term is clearly written. There is no cover for a mechanical breakdown under Miss A's policy.

I've read the email the fire brigade sent to Miss A following its attendance. It said the cause of the fire was recorded as, *"Good intent false alarm"*. Admiral's engineer reported no visible signs of fire damage. The photos contained within his report support this. For example, there are no signs of melted plastics, soot marks, or other damage indicative of a fire.

Miss A's policy does include cover for fire damage. But as a fire didn't occur there can be no cover under this insured cause. I understand Miss A's view that her actions prevented a fire. From what she's said water was poured onto parts of the car by the fire brigade to cool it. But it remains that there was no fire, and no fire damage occurred to her car. The damage to Miss A's car is the result of a mechanical failure.

I haven't seen evidence to show that the fire brigade damaged Miss A's car by pouring water onto it. But I can't see that this is covered under an insured cause in any case.

I acknowledge Miss A's comments that the mechanical failure was the trigger for this event but that, *"the insured peril (fire) was the resulting risk"*. I understand her view that her policy should cover her loss. But her policy provides cover for specific insured events. I can't see that an insured event has occurred here.

Miss A's policy terms and conditions explain that she is required to protect her vehicle from loss or damage. In the circumstances described I think she acted reasonably when calling the fire brigade. I acknowledge Miss A's comments that by taking this action she prevented a fire. But I don't think this means Admiral is required to cover the cost of the mechanical damage to her car. So, for the reasons I've set out I don't think it was unfair for Admiral to decline to cover Miss A's claim.

Miss A also complained that she was given differing explanations during her claim that caused her significant stress and anxiety. I've read the claim records carefully. Admiral's agents were clear from the initial contact that there was no cover for a mechanical failure. It was agreed that an opinion from an independent assessor would be sought to see if there was fire damage. I can see from a discussion on 10 July 2025 that Miss A said two agents had given differing information about what was covered under a fire cause. But the notes show that the situation was explained to Miss A. I'm satisfied from what I've read that she was kept informed of what was happening with her claim, and this was done in a timely manner throughout.

It must have been distressing for Miss A when her car malfunctioned in the way described. The situation was made worse when she found out there was no cover in place to cover the cost of the damage. I'm sorry she was upset by all of this. But I don't think Admiral behaved unfairly when relying on its policy terms to decline Miss A's claim. I'm satisfied from what I've read that it communicated effectively and dealt with the claim reasonably, so I can't fairly ask it to do anymore.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 30 November 2025.

Mike Waldron
Ombudsman