

The complaint

Mr H and Miss W complain that Admiral Insurance (Gibraltar) Limited, treated them unfairly when their policy was voided when they attempted to make a claim on it.

What happened

Mr H and Miss W contacted Admiral to make a claim on their home insurance policy following damage from a storm in October 2024. On checking the policy details, Admiral's agent identified the policy had been set up incorrectly with the wrong house number recorded for the address. Instead of house A, the policy was set up for house B. The policy was set up online via a price comparison website and not by Admiral directly.

Admiral's agent said there was no insurable interest in house B and it cancelled the policy, providing a refund of the premiums paid. It said no cover could be put in place for house A now as the property was not in a good state of repair. And even if this wasn't the case, the cover couldn't be applied retrospectively to provide cover for the storm damage.

Our investigator looked at this complaint and didn't think Admiral had treated Mr H and Miss W fairly. They felt the mistake at the inception of the policy should have been considered in line with the Consumer Insurance Disclosure and Representations Act (CIDRA). This was because the mistake at inception with the property address meant, there had been a misrepresentation and Admiral hadn't acted fairly by avoiding this legislation and simply applying its policy terms.

The investigator asked if Admiral could demonstrate whether it would have provided cover for house A, if this had been stated as the risk address at the inception of the policy. Admiral didn't confirm whether it would have been able to insure it and maintained it wasn't treating this as a misrepresentation but a policy taken out where the customer had no insurable interest.

Our investigator upheld the complaint and felt Admiral needed to do something to put things right. They said a clear question had been asked when the policy was taken out and this was answered incorrectly, resulting in house B having the insurance taken out when Mr H and Miss W had no interest in this property. So there was a misrepresentation at inception.

In the absence of Admiral showing it wouldn't have offered cover for house A, but for the misrepresentation, our investigator recommended that Admiral consider the claim against the remaining policy terms, as if the policy was still in place. If the claim was to be accepted, the claim should be paid, less any fees for the insurance that Mr H and Miss W would have paid. They also recommended that Admiral pay Mr H and Miss W £250 for the distress and inconvenience added.

Mr H and Miss W accepted, although they questioned if the additional costs they incurred when needing to seek emergency insurance should be covered, as well as the cost of their policy being higher now because they'd been declaring the cancellation to new insurers.

Our investigator didn't think these costs should be met by Admiral. They said the policy was

not cancelled with a cancellation marker but voided as though it was never in place and this didn't need to be disclosed. Admiral wouldn't advise Mr H and Miss W what they need to say to new insurers when taking out a policy but Mr H and Miss W could ask the new insurers to re-rate the policy now and provide a refund if this has been overcharged because of them declaring a cancellation which hadn't happened.

Admiral did not accept it was acting unfairly when not treating this as a misrepresentation case. Mr H and Miss W hadn't notified them ahead of the claim that the policy was set up incorrectly with the wrong property insured. The terms directed them to do this as soon as they were aware of an issue and this didn't happen. When the claim was made, the agent correctly identified there was no insurable interest in house B and the policy was cancelled as if never incepted. And there was no option to add retrospective cover now.

Our investigators opinion remained unchanged and the complaint was referred for 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've decided to uphold this complaint for much the same reasons as our investigator. I'll explain why I think Admiral needs to take steps to put things right and why I don't think it has acted fairly when saying there is no misrepresentation.

For clarity, I acknowledge the terms of the policy Admiral has pointed to and the approach taken when there is no insurable interest. These were set out by our investigator and I see no need to set these out again. But it is important to note that it needs to understand why there was a policy with no insurable interest taken out. When unwinding the facts to understand this, I think it is clear there was a mistake with the policy at inception and it is correct to apply CIDRA when thinking about the mistake made.

When a customer takes out an insurance policy, CIDRA places a duty on them to take reasonable care not to misrepresent. Here, there was a clear question asked at the inception of the policy, "*What's your address*". When a list of properties was brought up, Mr H and Miss W selected the wrong property in error. So, there was a breach of their duty to take reasonable care.

The breach of this duty will be a qualifying breach if the insurer can demonstrate it wouldn't have offered the policy had the correct information been provided or would have only offered the policy on different terms. Here, Admiral hasn't confirmed whether it would have offered the policy or not as it has refused to consider this as a misrepresentation.

Had there been no clear question asked with an incorrect answer being given, CIDRA would not be applicable. But when this is the case, it is correct to look at what would have happened had CIDRA been applied. It follows that I don't think Admiral has acted fairly when taking the steps it did to cancel this policy from inception and refund the premiums. And while it is correct to say there was no insurable interest in house B, this was only the case because of the breach of Mr H and Miss W's duty to take reasonable care not to misrepresent when the policy was incepted.

Mr H and Miss W contacted Admiral to notify it of a claim and instead of being provided with support to understand whether their claim would be successful, they were told the error at inception meant they had no cover in place. This clearly would have caused distress and inconvenience as they needed to seek new cover quickly.

Mr H and Miss W said they declared to their new insurers that their policy had been cancelled, thinking this needed to happen based on the language used by Admiral at the time. I can understand why this is the case, but the cost of insurance and what is provided now may or may not be impacted and each insurer will view the price differently. But Mr H and Miss W can contact their current insurer and ask whether the price can be recalculated without declaring a cancellation to see if this reduces their costs.

The claim may still have been declined if Admiral had considered this for house A, so I cannot say Mr H and Mrs W's claim should now be paid as this hasn't been considered. But I think it's fair that Admiral, in the absence of showing that the policy wouldn't have been provided from inception had the correct address been provided, consider this claim for house A as if the policy taken out for the correct address at inception. This will need to be considered against the remaining policy terms and if accepted, any settlement can be made, less the cost of the cover for the insurance.

Putting things right

To recognise the impact of Admiral's actions, causing distress and inconvenience when it failed to consider why the policy was in place for the wrong property, it should pay Mr H and Miss W £250.

In the absence of Admiral demonstrating it would not have been able to insure house A, but for the misrepresentation, it should also now reconsider the claim made for storm damage. It should do this by applying the remaining policy terms. If the claim is accepted, any payment can be made, less the equivalent cost of the policy premium and excess Mr H and Miss W had in place with the previous policy.

My final decision

For the reasons I've set out above, I uphold Mr H and Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Miss W to accept or reject my decision before 2 December 2025.

Thomas Brissenden
Ombudsman