

The complaint

Ms C complains that Admiral Insurance (Gibraltar) Limited has settled her car insurance claim on a 50/50 liability basis without telling her, which affected her no claims discount and her ability to challenge liability herself.

What happened

On 15 January 2023, Ms C's car was involved in an accident with a third party, and Ms C duly notified Admiral.

I will not restate all the details of the accident as the circumstances are well-known to both parties, but in summary: Ms C says she was stationary when a third party collided with the rear of her car. Admiral received a third-party claim on Ms C's policy, where the third-party claimed Ms C reversed into its van.

Admiral initially said they intended to litigate to defend this claim and took witness statements from Ms C, as well as another individual (the family friend Ms C was traveling to visit).

Admiral said they were settling the claim as 'non-fault' and her no claims bonus would remain unaffected but stated that, if the third party's insurer provided a credible witness statement contesting her version of events, they would likely settle the claim on a 50/50 basis. The third party did contest liability, and Admiral later amended their settlement offer to a 50/50 basis, which affected Ms C's no claims discount.

Ms C complained to Admiral, requesting a clear explanation of how liability was determined, a breakdown of financial exposure, an account of how and when the fault status of the claim was changed and confirmation of her rights to challenge the liability apportionment or pursue recovery independently.

Admiral responded to her complaint, partially upholding it for failing to keep her updated during the claim and offering £100 compensation, but didn't uphold the complaint point related to their decision to settle it on a 50/50 liability basis. Ms C was not happy with their response and referred her complaint to this Service to investigate.

During our investigation, Admiral contacted this Service and proactively offered an additional £200 to settle the complaint. Ms C did not accept this offer and our Investigator continued with their own investigation.

Our Investigator reviewed the complaint but didn't think Admiral needed to act beyond the additional compensation in their proactive settlement offer. Ms C did not agree with this and said that the settlement figure did not represent full recompense for the loss of no claims discount, financial uncertainty, missed opportunity to influence the liability outcome, emotional distress and reputational harm, and erosion of trust in the insurance system.

As Ms C remained unhappy with the outcome, her case has been forwarded to me to decide.

What I've decided – and why

I've decided to uphold this complaint, and I will now explain why.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Firstly, I would like to clarify the way 'fault' and 'non-fault' have been used in the complaint, and the way that relates to my decision.

In insurance terminology, insurers often refer to claims as being either 'fault' or 'non-fault'. These terms can sometimes cause confusion, as they imply an element of blame on the part of the claimant when that is not the insurer's intention. Fault claims are also known as 'bonus disallowed' because the insurer has been unable to recover all of their costs from the third-party insurer. Likewise, 'non-fault' claims can be described as 'bonus allowed' claims, because all the costs of the claim have been recovered, and therefore the insured party's no claims bonus is unaffected.

Liability

Ms C is particularly concerned with the impact of the decision to settle this claim on a 50/50 basis without contacting her upfront to update her on the change in decision. It's not for me to decide who was liable in the accident. That is beyond the scope of this Service and if Ms C wishes to dispute that, she would need to do so via the courts. I will instead be deciding if Admiral acted fairly and reasonably in the handling of Ms C's claim.

Ms C's policy, like all other car insurance policies, allowed Admiral to "*conduct the investigation, defence and settlement of any claim on your behalf*". So it was entitled to settle the claim, on the best terms it thought fit. And it had the ultimate and final say in how to settle a claim. But it needed to exercise this right fairly and reasonably, taking into account everything both parties had provided.

Admiral said the third party provided a credible account of the circumstances of the accident, as did Ms C. It set out that there wasn't any CCTV or dashcam footage, and only the witness statement of Ms C's family friend to rely on. But it said it couldn't rely upon this as it didn't consider it independent. Given this, it said its experience shows that the claim was very likely to settle as 50/50 shared liability had it proceeded to Court. And that was its decision to make.

I recognise Ms C feels strongly that she wasn't at fault for the accident. But I'm satisfied it has taken everything Ms C has provided into consideration before it reached the conclusion it did. And I believe Admiral's decision to settle the claim on a 50/50 basis was ultimately reasonable under the circumstances.

Change in decision

Ms C says this change in decision has left her misinformed and distressed due to the financial uncertainty of being unable to plan for the increased premiums associated with a bonus disallowed claim while unaware of Admiral's change in decision.

Admiral wrote to Ms C on 13 March 2024, stating that they are looking to settle the claim on a 'non-fault' basis. On 8 May 2024, Admiral again contacted Ms C to clarify that the third-party insurer was disputing liability and Admiral was seeking to litigate and defend the claim. On 12 June 2025, Ms C was informed by a solicitor that Admiral had agreed to a 50/50 settlement on 3 January 2025. While this length of time is not unusual for court cases where contested liability is involved, I accept that Admiral delayed in informing Ms C of this change in decision.

However, I am satisfied that despite these delays, Admiral's conduct did not lead to any material change in the way the claim was handled. I accept that Admiral do not have to obtain Ms C's approval prior to settling on a 50/50 basis, but it should have kept her informed about the change in decision.

Admiral accepts that it could have done more to keep Ms C notified. I note that it did highlight the possibility that a 50/50 settlement might occur, but it would have been fair to contact Ms C to confirm this outcome once it had been finalised.

In their proactive settlement offer, Admiral accepted that these extended delays caused Ms C distress and inconvenience and offered £300 total compensation. I believe this figure to be fair compensation for the impact of the delays and it's in line with what I would have awarded. So I'm not requiring Admiral to increase this figure further.

My final decision

For the reasons I stated above, I am upholding this complaint. Admiral Insurance (Gibraltar) Limited is required to pay Ms C £300 compensation, net of any amounts already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 2 April 2026.

Joshua Clement
Ombudsman