

The complaint

Mr P complains that Admiral Insurance (Gibraltar) Limited hasn't paid him the refund he was due following a change to his motor insurance policy.

What happened

Mr P removed a car from his policy, and he contacted Admiral to discuss the refund he was due. He told Admiral that he'd closed the account for the card he mostly used to pay for his policy. Admiral said it was required by money laundering regulations to make a refund to this card. It said Mr P should contact his card issuer after 10 days to transfer the payment to an active account. As the refund wasn't immediately processed, Admiral also refunded the cancellation fee. But these payments didn't bounce back to Admiral from Mr P's bank and so it said it couldn't send him a cheque.

Mr P complained that he hadn't received the refund or his policy documents. Admiral upheld his complaint and sent him a cheque for £100.65, including interest on the delayed refund. But Mr P wanted a full refund and compensation for the stress caused him.

Our Investigator recommended that the complaint should be upheld. She thought it was fair and reasonable, and in keeping with the relevant regulations, for Admiral to pay the refund to the card used for most of the payments. But she thought Admiral was aware that this account had been closed and it could have looked for an alternative.

She thought Admiral had told Mr P that if his refund couldn't be traced by the card issuer, then it would provide assistance. But she couldn't see that it had done this. She thought Admiral should pay the refund by other means, with interest, and pay Mr P £50 compensation for his trouble and upset.

Mr P replied that this compensation was insufficient for the stress caused. Admiral replied that it had sent the refund to the card most used to pay for the premiums, in keeping with its processes and the relevant regulations. It said the bank hadn't sent any payment back. Admiral asked for an Ombudsman's review, so the 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.

It's now some nine months since the refund was due, and I can understand that Mr P feels frustrated that he hasn't received the refund he expected. I can see that he has patiently persisted in seeking his refund from Admiral.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

When Admiral confirmed the change to Mr P's policy, it told him:

"We will refund the payment to the method used to pay the majority of the premium as explained in your policy booklet under 'General Conditions of your cover'. This follows guidelines to help prevent money laundering and fraud."

In the event of the account being closed, you will need to contact your bank or card provider to discuss your refund. If they are unable to trace the refund, please contact us as we may be able to assist further.”

And I can see that on page 26 of the policy booklet it states:

“If you are due a refund, we will credit the bank account or card used to pay for most of the policy premium.”

And

“Card payers must contact us if the card account is closed or the cardholder decides to cancel the authority.”

Admiral agreed that it had delayed processing the refund by about two weeks and hadn't then sent Mr P his amended policy documents. To put things right, it paid Mr P £100 compensation, added £0.65 interest for the period of the delay, and it also refunded his cancellation fee. I think that was fair and reasonable for the impact of the delay and the inconvenience caused to Mr P.

Mr P told Admiral when he first made the change to his policy that the account had been closed. But Admiral said it must follow its process and wait for the payment to “bounce back” before it could consider alternative methods to make the refund. I think that was fair and reasonable and in keeping with its process and the relevant regulations.

And when the refund was processed, I can see that Admiral's agent checked the account frequently to look for the bounced payment. But none was evident. So, from Admiral's point-of-view it had made the refund correctly and I can see from its evidence that the refund was processed to the correct card.

However, Mr P contacted his bank and the card issuer, with the reference provided by Admiral, and they were unable to trace the funds. Mr P provided a letter from his bank stating that the account had been closed and that any payments made to it would be rejected and returned to the sender.

So, following Admiral's process, as stated above, it should then have offered Mr P further help. But I can't see that it did this apart from telling him to contact his bank. The payment hasn't bounced back after nine months. So I think Admiral should now recall the payment and re-issue it to Mr P by cheque. And as Mr P has been without his money for some time, I think it should reasonably add interest to this refund.

Mr P has also been put to the trouble for having to chase his refund. The Investigator recommended that Admiral should pay him £50 compensation for this. I think that's in keeping with our published guidance for the impact of an error that's taken some effort to sort out. And so I think that's fair and reasonable and I don't require Admiral to increase this.

Putting things right

I require Admiral Insurance (Gibraltar) Limited to do the following:

1. Reissue Mr P's full refund to him by cheque. Interest should be added to this amount at the rate of 8% simple per annum from the date the refund was due to the date of payment*.
2. Pay Mr P £50 compensation for the distress and inconvenience caused by its administration of his policy.

*If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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 P to accept or reject my decision before 5 February 2026.

Phillip Berechree
Ombudsman