

The complaint

Miss A and Mr A complain about Admiral Insurance (Gibraltar) Limited (Admiral) not refunding a premium they paid to add an additional vehicle to their multi-cover insurance policy, when they cancelled the cover for the additional vehicle. Miss A and Mr A paid the premium for the additional vehicle in full, but Admiral didn't refund the full premium, instead crediting it to the multi-cover policy account and reducing the monthly direct debit payments for the account.

References to Admiral in this decision include their agents.

Miss A and Mr A were supported by a representative when bringing their complaint to this Service. References to Miss A and Mr A include their representative.

What happened

Mr A had a multi-cover insurance policy with Admiral which covered a vehicle and four buy-to-let properties. In March 2025 Mr A contacted Admiral to obtain a quote to add his daughter's (Miss A's) vehicle to the policy, with Miss A the policyholder. Admiral provided a quote of £2,481.91 which Mr A accepted and paid the full amount in one sum.

However, Mr A then decided to cancel the additional vehicle cover, before the cover was due to commence, as he found out that a previous policy covering his daughter's vehicle was continuing following a total loss settlement (when he thought it had ended). Mr A thought this would mean a refund of the full £2,481.91 he paid. But when he contacted Admiral, he was told this wouldn't be the case, as under the terms of the credit agreement through which he was paying for his multi-cover policy, the refund of premium would be credited to his policy account and used to reduce the remaining direct debit payments due. Admiral said this was due to the requirements of money laundering regulations. The effect of this was to reduce the refund (Admiral made refunds of £895.22 and £122.30 in early April 2025).

Miss A and Mr A were unhappy at not receiving the full additional premium refund, as it had been a gift from Miss A's grandparents. Miss A had transferred the sum to Mr A, who then used the funds to take out the additional vehicle cover. Miss A and Mr A thought this was unfair and were also unhappy it hadn't been explained to them that any refund wouldn't be returned directly (as opposed to being credited to the policy account). So, they complained.

Admiral didn't uphold the complaint. In their final response, having listened to the calls between Mr A and Admiral when he took out the additional cover, Admiral said Mr A hadn't asked the agent what would happen (in terms of premium reduction) should he subsequently remove the additional vehicle from the policy. As the policy premiums were being paid by monthly direct debit, any reduction in premium generated during the policy term would be spread across the remaining payments. This was Admiral's standard direct debit and refund procedure, as set out in the credit agreement covering the policy. So, Admiral could not make a one-off refund of the premium due back to Miss A and Mr A.

Miss A and Mr A then complained to this Service. They thought it should have been made clear to them the conditions attached to paying the additional premium in full and the

cancellation procedure, in terms of what would happen in the event of the additional cover being cancelled. They thought it was wrong for, in effect, Miss A's funds being used to reduce the payments due under Mr A's policy. They wanted Admiral to refund the £2,481.91 directly back to them, so Miss A would have access to the funds.

Our investigator upheld the complaint. He noted the sequence of events, including the calls between Mr A and Admiral when he added the additional vehicle to his policy. In the call where Mr A proceeded with the quote provided in a previous call, the agent advised the full terms and conditions could be found online. When Mr A called to cancel the additional cover and asked for a refund, he was told it would be applied to the remaining premiums due on his multi-cover policy under the terms of the credit agreement. The investigator noted the specific term of the credit agreement applying to premium amendments, but he didn't think it was sufficiently clear or prominent to make it obvious a full upfront payment would not be refunded directly if the additional cover was cancelled.

Applying the one-off premium paid to the remaining balance on the multi-cover policy meant Mr A lost access to the sum, receiving the benefit from a reduction in the remaining monthly premium payments. In effect, he wasn't put back in the position he was before he took out the additional cover but then cancelled it. While consistent with Admiral's internal processes and the wording of the credit agreement, the investigator didn't think it fair or transparent. He concluded Admiral should have returned the full additional premium for the additional cover. In addition to directly refunding the sum, the investigator thought Admiral should add interest, from the date Mr A requested the refund until the date Admiral paid the refund.

Admiral disagreed with the investigator's view and asked that an ombudsman consider the complaint. They accepted they hadn't specifically drawn Miss A and Mr A's attention to the implications of paying for the additional vehicle cover in full. But their agents weren't required to cover every eventuality during calls, which is why they referred customers to the terms and conditions before the customer accepted any changes to the policy. And in the case of Miss A and Mr A, they had received nine separate credit agreements for changes to the multi-cover policy prior to adding the additional vehicle, all of which included and highlighted the term covering amendments to premiums arising during any payment period (by adjusting the outstanding instalments and interest charge).

Admiral also said it wasn't possible to provide a direct refund via their systems, which is why the term was included in the credit agreement. Based on the reduction of premium when the additional vehicle was removed, Admiral had refunded £895.22 and £122.30 at the start of April 2025, and the remaining instalments were no longer payable as the reduction was greater than the remaining instalments.

In my findings, I concluded it was clear that removal of the additional vehicle which Mr A added would be dealt with by adjusting the outstanding instalments on the policy as a whole. His attention was drawn to the need to read the full policy terms in the call in which he added the vehicle, I think this was reasonable on the part of Admiral.

Looking at the transactions on the policy account, the net effect meant it was clear (a balance of £0) after the refunds made by Admiral. So, Mr A didn't then need to pay the instalments that would originally have been due between May 2025 and February 2026 (and the charge for credit). So, the premium paid for the additional vehicle was, in effect refunded to Mr A through a combination of the refund paid in April 2025 and then not having to pay the instalments that otherwise have been due. Overall, he benefitted by more than the payment he made for the additional vehicle – albeit over the duration of the policy up to the date it would be due for renewal in March 2026.

This meant Miss A didn't receive the full value of the additional premium she paid (through Mr A) immediately as part of it was effectively a benefit to Mr A from his not having to pay the instalments due on the policy. However, this was a consequence of the policy terms and the conditions of the credit agreement entered into by Mr A as the principal policyholder. I concluded it would have been (would be) open to Mr A to make good the balance of the additional premium not refunded in April 2025 directly to Miss A, which would in effect be a transfer between the two to put Miss A back in the position she was before the vehicle was added to the policy. In other words, Mr A and Miss A could have equalised the position between themselves.

I didn't think it reasonable to require Admiral to, in effect, make good the financial arrangements between Miss A and Mr A. And to require Admiral to make a further refund would, as I understood it, put the multi-cover policy back into debit and imply reinstatement of the instalment arrangement. Which I don't think practical or sensible, even if possible.

Taking all these points together, I couldn't conclude Admiral acted unfairly or unreasonably towards Miss A and Mr A in the specific circumstances of the case. So, I wouldn't be asking them to take any further action.

Because I reached different conclusions to those of our investigator, I issued a provisional decision to give both parties the opportunity to consider matters further. This is set out below.

What I've provisionally decided – and why

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

My role here is to decide whether Admiral have acted fairly towards Miss A and Mr A.

The main issue in Miss A and Mr A's complaint is that Admiral didn't refund the full additional premium they paid when they added the additional vehicle to their multi-cover policy, only to then cancel the cover before it started. They say they weren't told the additional premium wouldn't be refunded directly but added to the balance on the overall policy and used to reduce the remaining direct debit payments. They say this deprived Miss A of the funds she was gifted in order to take out the cover. They want the additional premium refunded in full.

Admiral say the terms of the credit agreement entered into by Mr A make it clear any adjustment to premium during the policy terms would be dealt with by reducing the outstanding balance of premium (and interest) on the policy, not directly refunded. They also say Miss A and Mr A should have been aware of this from the terms of the credit agreement, which their agent drew attention to when Mr A initially added the further vehicle to his policy.

In considering the issues, I've first considered the terms of the credit agreement which Mr A entered into to pay for his multi-cover policy. In their final response, Admiral refer to the terms of the credit agreement, which include the following provision where there is an adjustment to the premium (which would include the impact of removing a vehicle previously added) under a heading "Terms of Agreement":

"2. Any amendment to your premium arising during any payment period will normally be dealt with by adjusting the outstanding instalments and interest charge. Premiums relating to other charges (e.g. foreign use) will not normally qualify for interest."

I think the wording is clear, that removal of the additional vehicle which Mr A added in respect of his daughter would be dealt with by adjusting the outstanding instalments on the

policy as a whole. His attention having been drawn to the need to read the full policy terms in the call in which he adds the vehicle, I think this is reasonable on the part of Admiral.

I say that because I wouldn't expect Admiral to go through every hypothetical future event that might affect the policy, including removing the additional vehicle. There's no indication Mr A asked about what would happen if he subsequently removed the vehicle. And at the time he added the vehicle, he wouldn't have anticipated or expected to have to subsequently remove it – particularly within such a short space of time, before the date the cover was scheduled to come into force. Similarly, the agent wouldn't have expected the vehicle to be removed so quickly after it was added, and there was no indication this might be the case. So, it was reasonable for him not to explicitly cover this scenario with Mr A. But referring to the need to read the full terms of conditions would have provided Mr A the opportunity to understand Admiral's approach in that eventuality.

Having reached these conclusions, I've then considered the sequence of events from the point at which Mr A added the vehicle to his multi-cover policy, in terms of the impact on the policy and the instalments due under the credit agreement. I've done this to understand the financial impact on Mr A and by extension, Miss A. Admiral have provided details of the transactions on the account so I can see what happened when the additional payment was made (being credited to the account alongside the debit for the premium due, both being £2,481.91).

At the point at which the vehicle was added, the balance on the policy account was £1,722.00. Admiral confirmed this to Mr A and that this balance would be spread across the remaining direct debit instalments. The accompanying payment schedule and credit agreement set out the dates and amounts of the instalments. The credit agreement document set out the following instalment schedule, following an initial payment of £152.86 (March 2025):

1 Instalment	(April 2025)	£152.86
9 Instalments	(May 2025 to January 2026)	£152.51
1 Instalment	(February 2026)	<u>£196.55</u>
Total		<u>£1,722.00</u>

The credit agreement included a charge for credit of £135.17.

At the point the vehicle was removed, there had been adjustments for the start date of the additional vehicle and the instalment payment for April 2025.

This left a debit balance on the account at the point at which the additional vehicle was removed (a credit to the account). The net of these two figures gave a credit on the account which was the first of the two refunds made to Mr A. The second refund was the result of the removal of the charge for credit as Mr A making the full payment of the premium for the additional vehicle and its credit back to the account putting the account overall into credit (the first refund).

So, the net effect of all these transactions on the account meant it was clear (a balance of £0) after the second refund. So, Mr A didn't then need to pay the instalments that would originally have been due between May 2025 and February 2026 (and the charge for credit).

Therefore, the premium paid for the additional vehicle was, in effect refunded to Mr A through a combination of the refund paid in April 2025 and then not having to pay the instalments that otherwise have been due. While I appreciate Mr A didn't receive back the full additional premium in April 2025 (just under half of it) the balance was in effect a deferred credit from him not having to pay the future instalments. And because he had

cleared the policy balance at that point, he received the benefit of the refund for the cost of credit. Overall, in total, taking each of these elements together, he will have benefitted by more than the payment he made for the additional vehicle – albeit over the duration of the policy up to the date it would be due for renewal in March 2026.

I appreciate this means Miss A didn't receive the full value of the additional premium she had paid (through Mr A) immediately as part of it was effectively a benefit to Mr A from his not having to pay the instalments due on the policy. However, this was a consequence of the policy terms and the conditions of the credit agreement entered into by Mr A as the principal policyholder. It would have been (would be) open to Mr A to make good the balance of the additional premium not refunded in April 2025 directly to Miss A, which would in effect be a transfer between the two to put Miss A back in the position she was before the vehicle was added to the policy. In other words, Mr A and Miss A could have equalised the position between themselves.

I don't think it reasonable to require Admiral to, in effect, make good the financial arrangements between Miss A and Mr A, given that I think the policy terms are clear about the treatment of amendments to a premium being dealt with by adjustments to the instalments and interest charge. And to require Admiral to make a further refund now would, as I understand it, put the multi-cover policy back into debit and so imply the reinstatement of the instalment arrangement. Which I don't think practical or sensible, even if it were possible.

Taking all these points together, I can't conclude Admiral acted unfairly or unreasonably towards Miss A and Mr A in the specific circumstances of the case. So, I won't be asking them to take any further action.

My provisional decision

For the reasons set out above, it's my provisional decision not to uphold Miss A and Mr A's complaint.

Neither Miss A and Mr A nor Admiral responded to the provisional decision by the deadline requested.

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.

My role here is to decide whether Admiral have acted fairly towards Miss A and Mr A. Because neither responded to my provisional decision by the date requested, then my final decision remains the same as my provisional decision, for the reasons set out in my provisional decision.

My final decision

For the reasons set out above, it's my final decision not to uphold Miss A and Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr A to accept or reject my decision before 9 December 2025.

Paul King
Ombudsman