

The complaint

Mr H has complained that Admiral Insurance (Gibraltar) Limited ('Admiral') unfairly increased the price of his motor insurance policy after saying he misrepresented the date he first got possession of his car.

What happened

I issued a provisional decision regarding this complaint last month. An extract from that decision follows:

"In June 2025, Mr H applied for a new motor insurance policy online and decided to proceed with a policy offered by Admiral. After the policy was taken out, Admiral spotted a discrepancy and asked Mr H for a copy of the V5C (log book) document. After receiving this, Admiral said it would increase Mr H's premium by £397.97 because he declared that he purchased the vehicle in 2018, when in fact the car had come to his possession in 2025. Alternatively, it gave him the option of cancelling the policy.

Mr H complained and said that the question he was asked about the purchase date when taking out the policy online was misleading. He said he didn't purchase the car but it was gifted to his father by another family member. That family member purchased the car themselves in 2018. He added that as the car was a gift, he never purchased it and so the question "when did you purchase the car?" was unclear.

Admiral didn't uphold Mr H's complaint and said it didn't see that there were any errors with the service it provided and that if Mr H wished to cancel his policy to let it know. It said its validation team identified the error with the date and this led to the additional premium once the error was corrected. It added that the vehicle purchase year is a key rating factor and that based on its own statistics, customers have more incidents in the first year of driving their new car. It said despite the misrepresentation, it did not cancel the policy but considered it fairer to request an additional premium.

Unhappy with Admiral's response, Mr H brought his complaint to our service. He said he wanted Admiral to honour the original premium and to compensate him for the time and stress it caused him.

While the complaint was with our service, Admiral said that it had evidence that Mr H had obtained other quotes before proceeding to purchase the policy where he declared the purchase date as 2025.

One of our investigators reviewed the complaint and didn't think Admiral had to take further action. Our investigator agreed that Mr H failed to take reasonable care not to make a

misrepresentation. She added that Admiral treated this as a careless misrepresentation and that the actions it took subsequent to that decision were in line with the relevant law.

Mr H didn't agree and asked for an ombudsman's decision. He said that the other quotes he ran were exploratory and not a formal application for insurance. So they shouldn't be used to support the allegation of misrepresentation. He said he would not have purchased this policy if he'd been aware of the increased premium and that ultimately he was disadvantaged by being asked an unclear question.

Our investigator didn't change her view and the matter was passed to me to decide.

What I've provisionally 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.

The relevant law in this case is The Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). CIDRA requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

And if a consumer fails to do this, the insurer has certain remedies provided the misrepresentation is - what CIDRA describes as - a qualifying misrepresentation. For it to be a qualifying misrepresentation the insurer has to show it would have offered the policy on different terms or not at all if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And the remedy available to the insurer under CIDRA depends on whether the qualifying misrepresentation was deliberate or reckless, or careless.

Admiral thinks Mr H failed to take reasonable care not to make a misrepresentation when he declared that he bought the car in 2018, when in fact it was gifted to his father who is also the registered keeper, in 2025.

Mr H took the policy out through a price comparison site and was then redirected onto Admiral's own website. I've looked at the questions Mr H was asked on both sites. The question on the price comparison site, after Mr H said that he already had the car was:

"When did you buy the car?"

The question on Admiral's website is:

"When did you purchase the car?"

Mr H said he doesn't consider that the questions were clear but I don't find this to be the case. I think the questions are objectively clear though I accept they didn't apply to Mr H's very specific circumstances because the car was a gift and wasn't purchased.

Mr H answered "2018" to both questions. Admiral said it identified a discrepancy between this information and the DVLA records which prompted it to ask for Mr H's V5C. Admiral

added that Mr H generated other quotes before purchasing the policy where he declared the purchase date as 2025 but changed this information later. Admiral acknowledged that Mr H did not purchase the car in the traditional sense but it still considered this to be a new car as far as Mr H was concerned.

As I said above, I think the question asked on both sites is clear though it didn't apply exactly to Mr H's case. In these very specific circumstances, where Mr H was unsure about what he should answer because his circumstances were unusual rather than because the question was unclear, I think he should have considered clarifying with Admiral before answering the question. As far as I am aware there is no evidence of Mr H doing that and for this reason I agree that he failed to take reasonable care before answering this question. Admiral has treated this as a careless misrepresentation rather than reckless or deliberate which are more serious and I think this is fair and reasonable in the circumstances. I haven't seen anything to suggest that Mr H set out to intentionally mislead Admiral or that he didn't care whether he misled it or not.

Admiral has provided evidence to show that it would have charged Mr H a higher premium had it been aware that the date the car came to his possession was 2025.

This means I'm satisfied Mr H's misrepresentation was a qualifying one. As I mentioned above, Admiral has treated this as a careless misrepresentation which I think is fair and reasonable.

As I'm satisfied Mr H's misrepresentation should be treated as careless I've looked at the actions Admiral can take in accordance with CIDRA. In these circumstances, Admiral can settle any future claim proportionately or cancel the policy. But it can't make Mr H pay a higher premium if he isn't happy to do so.

Admiral chose not to cancel the policy but it gave Mr H the option to cancel the policy himself. It also charged him a higher premium. I think it was fair and reasonable that Admiral gave Mr H the option of cancelling the policy himself, but charging an additional premium is not in line with the remedies detailed in CIDRA.

So, a fair and reasonable outcome would be for Admiral to return any additional premium it charged Mr H plus interest. And as neither Admiral nor Mr H chose to cancel the policy, the only remedy that remains for Admiral is that if Mr H is to make a claim during the policy year, it will be entitled to settle it proportionately. As the original premium was £1,345.24 and the new premium was £1,743.21 this means that Admiral would pay approximately 77% of any future claim.

If Mr H changes his mind and would rather either cancel the policy or pay the additional premium instead, he can let us know when he responds to this decision. If he chooses either of these options I wouldn't interfere with his decision to do so but I would not uphold the complaint as these were options already offered by Admiral. If he did decide to cancel, Admiral would have to refund the additional premium.

My provisional decision

For the reasons above I am considering upholding this complaint. Admiral Insurance

(Gibraltar) Limited must refund the £397.97 additional premium it charged Mr H plus 8% interest per year simple from the date it collected this payment to the date it pays him. But it may settle any future claim proportionately based on the premium Mr H was charged and the higher premium he would have been charged had he declared that he acquired the car in 2025.”

Mr H responded to my provisional decision and agreed that Admiral should refund the additional premium it charged him, plus interest. He also accepted that any claim made during the policy year would be settled proportionately.

Admiral responded that it had offered Mr H the opportunity to cancel the policy at the original premium within 14 days, which he did not take. It maintained that it had given Mr H two choices which it believed were consistent with CIDRA: either to pay the additional premium or to cancel at the original premium.

I explained to Admiral that, under CIDRA, it did not have the option to charge Mr H an additional premium without his agreement. I invited any further points by the end of the following day—already one day beyond the deadline in my provisional decision. Admiral did not provide any additional submissions, so I proceeded to issue my 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.

I have considered again Admiral's position that its actions were consistent with CIDRA. For the reasons already set out in my provisional decision, I do not agree that Admiral was entitled to charge Mr H an additional premium. I remain satisfied that Mr H made a careless misrepresentation and that it was qualifying, because Admiral has shown it would have charged a higher premium had it been given the correct information at inception.

As there was no claim made, the only options for Admiral, where it would have still offered the policy but charged an additional premium, were to reduce proportionately the amount to be paid on any future claim or give notice to cancel the policy. Or if it had told Mr H it intended to settle any future claim proportionately, then Mr H could have chosen to cancel the policy himself by giving reasonable notice.

Offering the option to pay the additional premium to ensure that future claims are covered in full may be a reasonable option for some consumers. But under CIDRA the insurer doesn't have the right to charge this payment without the consumer's agreement, as was the case here.

The rest of my findings are the same as the findings I made in my provisional decision and now form the findings of this, my final decision.

My final decision

For the reasons above I have decided to uphold this complaint. Admiral Insurance (Gibraltar) Limited must refund the £397.97 additional premium it charged Mr H plus 8% interest per year simple from the date it collected this payment to the date it pays him. But it may settle

any future claim made during the remainder of the policy proportionately based on the premium Mr H was charged and the higher premium he would have been charged had he declared that he acquired the car in 2025.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 March 2026.

Anastasia Serdari
Ombudsman