

complaint

Mr P has complained about the way Admiral Insurance Company Limited have handled his claim for the repair of his car under his motor insurance policy.

background

Mr P had an accident and his car rolled onto its side. Admiral said its approved repairer would repair his car, but the engineer then found that the engine had seized and would also need replacing. Admiral said this extra cost meant his car was now uneconomical to repair and so it was a category C total loss. Mr P wanted to keep his car so, as he'd bought it on finance, Admiral paid the market value of his car, less his excess and the salvage value to the finance company. This left a small amount still owing, which Admiral also paid as a gesture of goodwill.

Mr P then complained that Admiral shouldn't have written off his car because the engine problem could be a manufacturer's fault covered under his warranty, rather than accident damage. The manufacturer had agreed to look into this. He also said Admiral's estimate for repairs was too high, as other garages he asked quoted a lower cost. Mr P said if Admiral had used a more reasonable estimate, his car would have been repairable even if the engine damage was accident related. He also said their valuation of his car was too low.

Admiral then asked an independent assessor to inspect Mr P's car. He said he thought it likely the engine had seized due to accident damage. So Admiral said that even with the lower quote for replacing the engine that Mr P had sent them, his car was still a total loss. They said they have a duty to deal with his claim quickly, but if Mr P sent them something from the manufacturer showing they would pay for the engine replacement under his warranty, Admiral would pay for the other repairs. Admiral accepted their valuation was too low, so they increased it by £200. But Mr P remained unhappy so he brought his complaint to us.

The adjudicator who investigated his complaint thought that even though the manufacturer was still looking at the engine fault, Admiral had paid the full market value for Mr P's car and the finance had been paid off in full. As this is the maximum settlement Mr P could get under his policy, she didn't think Admiral should do anything else.

Mr P disagreed. He said his car wouldn't have been a total loss if Admiral had used a fair estimate for repairs, including the cost of the engine. He also questioned why the limit of what Admiral should pay under his policy was just the market value of his car. He said a decision on his complaint couldn't be made until the manufacturer had finished their investigations. So his complaint has been passed to me to decide.

my findings

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

Mr P says I should wait until the manufacturer decides if his engine problem is covered by their warranty before I make a decision on his complaint. The manufacturer has been looking into Mr P's engine damage for several months and Mr P says this may take up to two years. I don't think I need to wait for this, because I can deal here with Mr P's complaint that Admiral haven't handled his claim properly so far. If the manufacturer does later agree to

repair Mr P's engine under their warranty, he can ask Admiral to remove the total loss marker against his car. If Admiral don't do this, then he can bring another complaint to us at that time.

Mr P's policy says Admiral '*will decide how to settle your claim*' and they can choose to repair his car or pay a cash sum to replace it. It also says '*If we give you a cash sum, the most we will pay is the market value of the car.*' So Mr P's policy gives Admiral the right to choose if they are going to repair his car or write it off and pay Mr P the market value. Admiral also have to deal with Mr P's claim in a reasonable time.

The repairer said there were '*signs of impact damage to the underside*' of the car and '*visible oil on the underside*'. So the repairer thought it was likely the oil had leaked out after the accident when the car was on its side and this had caused the engine to seize. Admiral's independent assessor also said there was impact damage and oil on the underside of the car and it's possible that the oil had leaked out when the car was on its side.

This means that two engineers think the engine problem Mr P's car has, was due to the accident. On this basis, I don't think Admiral did anything wrong in assessing Mr P's car in this way and deciding to write it off, which Mr P's policy allowed them to do. I also think they rightly acted quickly to try to resolve his claim. Mr P says Admiral shouldn't have written off his car while the manufacturer was looking into the possible engine fault. But Admiral have a duty to deal with a claim quickly and to tell the DVLA if they've written a car off.

Admiral did offer to pay for the repairs if Mr P could send them something from the manufacturer saying they would repair the engine under their warranty. But the manufacturer wouldn't confirm this while they are still investigating. Admiral also rang the manufacturer to discuss the engine issues. The manufacturer said they didn't know of any engine faults with Mr P's model of car and there was no recall of this model in place, but they were looking into it. Admiral asked for Mr P's permission to investigate the fault with the manufacturer but Mr P refused. So I think it was reasonable for Admiral to say it was still a total loss, as there was nothing more they could then do.

I also don't think it was unfair for them to say his car was still a total loss after Mr P sent them lower quotes that he said he'd got from other garages. The costs of the repair including the engine were still high enough for it to be fair for Admiral to say it was uneconomical to repair. And the manufacturer hadn't confirmed that they would cover the cost of replacing the engine. Mr P's policy allows Admiral to choose to repair the car or pay Mr P its market value, so I don't think they have done anything wrong here.

Mr P also complained that if the manufacturer finds that it was an engine fault, they won't repair his car because it has been declared a total loss, which cancels his warranty. But Admiral have told him that they can have the total loss marker removed if this happens.

If it turns out that Admiral should remove the total loss marker, they've said Mr P will have to repay them the £7,270.43 they paid to the finance company. Mr P says they shouldn't have paid it, but his policy says '*If you have bought your car by hire purchase ... we will pay any money owed to that company first and then pay any remaining money to you*'. And he did at first agree to them doing this. So I don't think Admiral did anything wrong here. But if the total loss marker is removed and Mr P is willing to repay what Admiral paid his finance company, then Admiral would then be responsible to repay Mr P for the costs of the repairs he's paid other than the engine repair costs. So those repairs costs could be deducted from the £7,270.43 that they paid to the finance company.

Mr P also complained that Admiral's valuation of his car was too low. Admiral have agreed this, and they increased it by £200 to the top retail value listed in trade guides. Mr P hasn't said he is still unhappy with this amount, so I won't consider the valuation of his car.

my final decision

For these reasons my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 February 2016.

Mary Dowell-Jones
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