

## **complaint**

Mrs M has complained about the amount of money Admiral Insurance Company Limited is seeking from her after it settled a claim made by a third party under her motor policy.

## **background**

Mrs M was driving over the alcohol legal limit when she hit a parked car. She was convicted of drink driving and received a ban. As a result, Admiral told Mrs M that it wouldn't cover any of her or the other driver's costs from the accident. Mrs M then signed an indemnity form, which allowed Admiral to deal with the other driver's claim on her behalf and Mrs M agreed to pay Admiral the final costs of the claim once it had settled it.

When Admiral settled the other driver's claim, it told Mrs M that she owed it over £24,000 in costs. Mrs M complained as it hadn't kept her informed of the claim as it was progressing and she was shocked at the amount it said she owed it as it was so much more than she expected.

Admiral investigated Mrs M's complaint and it agreed that its service to Mrs M had been poor throughout its handling of the other driver's claim. It also agreed that its costs were too high, so it reduced the amount Mrs M owed it to £11,464.44.

Mrs M remained unhappy so she brought her complaint to us. Mrs M said that she didn't receive the policy booklet which told her about the drink and drugs clause and that she had also been intimidated and bullied into signing the indemnity form. She said that although Admiral had reduced the amount she owed it, it still wasn't correct.

The adjudicator who investigated Mrs M's complaint didn't recommend it should be upheld. She was of the view that Mrs M was able to view her policy booklet online, and that Admiral clearly explained that it excluded cover if she was convicted of a drink driving offence. She said that Admiral's decision to reduce the amount she owed it was reasonable in an effort to resolve her complaint.

Mrs M didn't agree. I then issued a provisional decision on 6 August 2015. I thought that Admiral's final figure to Mrs M wasn't correct so I thought it should reduce this from £11,464.44 to £10,587.75.

Mrs M has received my provision decision and hasn't provided any further comments. Admiral hasn't provided any comments either. I will therefore make my decision on the basis of my provisional findings.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. For ease, I've set out the issues under the headings below.

### *Mrs M's policy booklet*

Mrs M's policy says that if she is convicted of an offence involving drink or drugs while driving which caused an accident, it's entitled to recover the costs from her to settle any claim under her policy. I know that Mrs M says that she didn't receive the policy booklet, but it was available online and Mrs M acknowledged that Admiral referred her to its website when she bought her policy. So I think Admiral made Mrs M aware of this clause in its policy.

### *the indemnity form*

Mrs M says that she felt intimidated and bullied into signing the indemnity form. Admiral wrote to Mrs M and explained that she had the option to allow it to negotiate the other driver's claim on her behalf. It explained in detail how it would deal with the claim, and what would happen if Mrs M decided not to instruct Admiral to deal with the claim. In particular, Admiral acknowledged that it was a complicated matter and provided a leaflet, which offered further information.

Admiral failed to attach the leaflet in its original letter to Mrs M, but she did receive it later. When Mrs M wrote back to Admiral enclosing her signed indemnity form, she didn't indicate that she had felt pressurised into signing it. So, I think that Admiral clearly explained to Mrs M what her choices were, and there isn't anything to show me that Admiral bullied Mrs M into signing the indemnity form.

### *Admiral's handling and costs of the claim*

Mrs M isn't confident that Admiral has reasonably charged her for the costs of the other driver's claim. It told her initially that she wouldn't have to pay solicitor's fees in relation to her defence. However, in its first letter detailing the costs it included solicitor's fees including court fees totalling £7,520, which was wrong. So I think Admiral wasn't reasonable in asking Mrs M to pay this, when clearly it had told her these type of costs weren't payable by her.

When Mrs M complained, Admiral accepted that she didn't owe it any solicitor's fees or court costs so it removed these. It also acknowledged that it hadn't kept Mrs M updated during its dealing with the other driver's claim as it said it would and it apologised to Mrs M for this. Admiral also decided to deduct the storage costs and the increase to the other driver's pre-accident value of his car, so this reduced Mrs M's costs by a further £2,555.70. I think this was an appropriate reduction, bearing in mind Admiral's errors in its initial letter to Mrs M.

The other driver had the use of a hire car for 28 days, which Admiral said came to £10,000. It said that the third party's representative wasn't subject to insurance regulation which caps excessive hire car charges, so Admiral couldn't control these costs. However, it acknowledged that it could have been more pro-active in its handling of the other driver's claim, which might have reduced the amount of time the hire car was needed. So it reduced Mrs M's costs further by applying a lower daily rate of £262.23, which it said was a more suitable allowance for a car similar to the other driver's car. I think this was also reasonable.

However, I can see it didn't calculate this figure correctly. It calculated a figure of £7,432.44 for 28 days hire car at £262.23 a day but it's actually £7,342.44, so £90 less.

Also Mrs M says that Admiral told her over the phone that the other driver had hired a car for 25 days, not 28. I've no reason to disbelieve Mrs M and I think that Admiral has based its figures on incorrect information. As I haven't seen anything from Admiral to show how many days the other driver did hire a car for, I think it's fair that it should only apply the daily rate for 25 days as it told Mrs M on the phone.

This further reduces the hire car charge from £7,342.44 to £6,555.75 (£262.23 x 25). This left Mrs M's remaining costs as follows;

£3,900 – the original pre-accident value for the other driver's car;  
£102 – the engineer's report fee; and  
£30 – collection and delivery charges  
plus £6,555.75 making a total of £10,587.75 which I now consider to be reasonable.

### **my final decision**

For the reasons given above, my final decision is that I uphold this complaint in part and I require Admiral Insurance Company Limited to correct the final amount that it says Mrs M owes it from £11,464.44 to £10,587.75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 14 October 2015.

Geraldine Newbold  
**ombudsman**