

The complaint

Mr H1, a car insurance policyholder, and Mr H2, a named driver on Mr H1's policy, have complained about the insurer Admiral Insurance (Gibraltar) Limited. They are both unhappy about how Admiral recorded an incident and any effect that had on premiums. Mr H1 is also unhappy that Admiral did not update his address.

What happened

Mr H1 has a policy with Admiral covering a number of cars and named drivers. Mr H2, driving car "M", was involved in an accident on 14 January 2021. Mr H2, believing the accident was not his fault – the other vehicle, a motorbike, having collided with him from behind – contacted an accident management company.

On 4 February 2021 Admiral received an email from a solicitor (dated 1 February 2021), referencing M's registration number, attaching an engineer's report, showing damage to, along with the associated cost of repair for, a motorbike (£2,415.37). Admiral decided to pay the repair cost, raising payment on 6 February 2021. It sent a message to Mr H1 the same day notifying him of the claim, asking if he was aware of an incident and asking what the circumstances of it were. Admiral spoke to Mr H1 the next day and was told the bike had collided with Mr H2 from the rear. It didn't tell Mr H1 it had paid the vehicle damage claim. It said it would set up a fault claim because the accident involved a motorbike with a likely personal injury for the bike rider because they had fallen off the motorbike. Admiral wrote to the solicitor the following day confirming payment had been made for the vehicle damage element on a without prejudice basis.

Subsequently Mr H1 indicated to Admiral that he might like it to take over the claim because the accident management company had gone out of business. But he wanted to wait a little while longer to see what happened. Payment for the damage to Mr H1's car was subsequently received from a solicitor. The car was scrapped and M was replaced on the cover with a similar car ("M1").

Around the same time the policy had been due for renewal. The cost of cover had increased at renewal. Against Mr H2's name, the policy documents recorded "14/01/2021 – £2,415.37 – Personal Injury". At renewal in 2022 M1 was removed from cover and the whole policy was cancelled at the following renewal in 2023.

In 2023 Mr H1 and Mr H2 realised the claim from 2021 was logged as an open and fault claim by Admiral. They noted the detail on the documents from 2021 – they were worried about this as Mr H2 had not received any money from Admiral for the incident, and as far as they were aware there was no personal injury claim. Nor did they think there should be any fault or open claim for this incident as they'd never made a claim to Admiral. Further, settlement for their losses had been received – which wouldn't have happened if Mr H2 had been at fault. They felt the incorrect records had likely affected their premiums in 2021, and also in 2022 and 2023.

During the policy, Mr H1 moved house (from “B Road” to “P Street”). He gave Admiral his new address. Admiral sent a cheque for Mr H1 to the old address. Mr H1 was upset by this. He noted this could have caused important policy information to go astray.

They complained to Admiral. Admiral acknowledged a lack of communication about the 2021 incident and offered £75.00 compensation. But it didn't think its actions had affected the premiums charged – it noted there had been more cars on the policy in 2021, which it said accounted for any increase that year (with the cost of cover in 2020 and 2022 being less). It said any record of a claim wouldn't matter as such, because the cost of cover would still be impacted by there having been an incident. Admiral didn't answer the concern about the recorded personal injury payment. Nor did it offer comment about Mr H1's address not having been changed.

Mr H1 and Mr H2 complained to the Financial Ombudsman Service. This complaint considers the claim/premium issue, the address issue and any upset caused to Mr H1. Any upset to Mr H2 will be considered separately.

Our Investigator, noting Mr H2 had used an accident management company felt Admiral should have recorded the claim as notification only. He said the claim record should be amended, including removal of the personal injury costs, with Admiral recalculating the cost of cover for car M. He said it should provide a letter so the current insurers could recalculate their premiums too. Our Investigator felt Admiral should pay a total of £150 compensation.

Mr H1 and Mr H2 were concerned that the level of impact due to Admiral's errors hadn't been accurately assessed or determined.

Admiral shared detail of how it rates cover – it said it didn't think any adjustment to premiums was required, the costs were correct and the same for any policyholder presenting the same details. It said it was now fully closing the claim and reinstating the no claims bonus (NCB). Regarding Mr H1's address it said it only has a record of “B Road”.

The complaint was referred to me for an Ombudsman's decision. I felt it should be upheld, that Admiral had acted unreasonably prematurely when settling the damage claim and this had likely affected premiums. But I needed to take into account the rating detail which Admiral had provided. So I issued a provisional decision. My findings of which were:

“The incident

Most insurers will, on occasion, receive contact from third-parties about claims before they hear from their own policyholder or named driver. All insurers have a duty to handle claims fairly and many will be live to the idea that once damage has been caused, if a vehicle isn't quickly repaired, other costs may accrue. So an insurer, acting to settle matters quickly on a without prejudice basis, where it seems likely fault might attach to its insured, can, in theory, protect its and its insured's interests.

The difficulty for me here is that Admiral acted to settle the third-party's claim without even having been given a clear account of the accident. And before having even had the benefit of speaking to its policyholder. There was no reason, at that time – and I bear in mind we're only talking about a matter of days – to think its policyholder, or any named driver, was at fault for the incident. I think, if Admiral had spoken to Mr H1 first, and learnt that Mr H2 had been hit from behind by the motorbike, it would have contested the third-party's claim. In the circumstances of a rear-end collision, I'm not persuaded the third-party, having received a reasonable push-back from Admiral would've continued to allege fault.

I think it's of note that Admiral's file shows that, internally, it has accepted it should not have settled this claim. It considered trying to seek recovery of its outlay – but decided that “would mean dead money being thrown after bad”.

So, Admiral had contact about a claim on 4 February 2021. At that stage, without detail of the incident, that should have been logged as a notification only. No settlement should have been made until details of the incident, and an indication of fault, were established. Details were gained just a few days later on 7 February 2021. Admiral was told this was a rear end collision, where its insured was using an accident management company. Meaning its insured was likely not at fault for the incident and there was no claim to it for the car it was covering. So the incident should have remained as a notification only with £0 settlement. It should not have progressed to a 'claim', and certainly should not have ended up as an open, fault claim in the sum of £2,415.37. With it having become an open, fault claim only because of Admiral's unreasonably premature payment. Now the payment has been made, it will have to remain on the claim record. But Admiral should amend its own and any external database to now correctly reflect there was just an incident/notification. If it can't do that whilst also keeping the record of the settlement, then it should make sure the claim is recorded as 'bonus allowed'. Which indicates a non-fault claim occurred.

Personal injury

I'm satisfied that, in the end, Admiral did not log or pay out for a personal injury claim. Mr H2 did not make a personal injury claim to Admiral. I see that Admiral logged its file to show there might be a personal injury claim to come from the bike rider, because they had come off the bike. But no costs other than for vehicle damage were sought by the solicitor. The settlement for vehicle damage, in line with costs set out in the engineer's report received from the solicitor, was in the sum of £2,415.37. I'm satisfied that the reference to “personal injury” on the 2021 renewal was just an error.

Premiums

I've noted above that Admiral has shared some detail about how it rates cover. I can't pass that detail on to Mr H1 and Mr H2, nor can I discuss it in detail here. That is because it is commercially sensitive information, and so must be treated confidentially. But the highlights I've taken from it are:

- *Mr H2 had an accident in January 2021 in M. So the price for cover for M, at renewal later in 2021, was affected by that.*
- *The cost of cover for M in 2020 was £398.*
- *Admiral had initially set a renewal price for M of £668, this taking into account Mr H2's January 2021 incident. It later became aware of a separate claim for Mr H1, with this impacting the cover for M, causing a further increase to the renewal premium.*
- *So the difference in the price for renewal in 2021, with the January 2021 incident alone being taken into account, was £270 (£668 minus £398).*
- *That difference was partially caused by the NCB being stepped back. But also Mr H2 being seen as at fault for the incident.*
- *Logically, given the effect of Mr H1's claim on the price of cover for M, if Mr H2 is a named driver for any other cars covered by the policy, their price for cover would also likely be affected by the NCB being stepped back and Mr H2 being seen as at fault for the incident. Both in 2021 and 2022.*
- *But Mr H1's claim would also likely have affected the cost of cover in 2021 and 2022 for any cars he was able to drive.*

Admiral, when it shared the rating criteria with us, could have re-priced the cover at this time. If it had wanted to support its argument that there was no difference in cost to Mr H1 and Mr H2 on account of its error, that is what it should have done. I also note from its file that

when Mr H1 and Mr H2 had asked it previously to recalculate matters it said it wouldn't do so for fear of revealing too much about its pricing criteria. So I think Admiral knew it had got this wrong and that the prices it had charged had likely been affected as a result. I think it wouldn't be fair now to give it a further chance to recalculate things. So I've decided what I think is fair given the detail I've seen and summarised above.

I think it's fair to say that £200 of the £270 additional sum charged at renewal in 2021 for M, was incurred due to the incorrect open, fault claim record. There were clearly some factors which impacted the price which were unrelated to 'fault' and the NCB. But there were less of these type of ratings than those related to 'fault' and NCB. And they seemed more 'minor'. I'd add, I can't be sure of that figure – but to me it feels fair given the detail I've seen. So I think Admiral should refund £200 to the payer of the premium, plus interest.

M had become M1 by the time the policy as a whole renewed in 2022. The renewal did not include cover for M1. It isn't clear to me which cars renewed in 2021 or 2022 with Mr H2 as a named driver. There's an added complication for these other cars because their cost of cover will also likely be affected by Mr H1's claim. And Admiral hasn't shared ratings details for any of the other cars. To draw this matter to a close, I'm going to say that for each car (other than M/M1) on which Mr H2 was named to drive in 2021 and 2022, Admiral should refund £150 to the payer of the premium. I think that is fair as it allows for the fact that any increase in price on other cars is likely impacted by other factors as well as the incorrectly recorded claim. And I think it's fair to think the cover most affected would have been that for the car in which the accident occurred. I think that if the cost of cover for cars has increased where Mr H2 is not a named driver, that is more likely to be due to Mr H1's claim.

I'm not sure what other cover Mr H1 and Mr H2 may have taken out with other car insurers. Or what they declared to them. All insurers rate differently. So even if Mr H1 and Mr H2 can show what they told other insurers and what they were charged, it wouldn't be possible to conclude from that alone what part of that charge related to the incorrectly recorded claim for Mr H2. The insurers are unlikely to reveal that detail to Mr H1 or Mr H2. But this service would expect an insurer to review what has been charged if updated detail is provided. So, in addition to making payments in respect of its own cover, Admiral should produce a letter for Mr H1 and Mr H2, which, either together or separately, they can provide to their insurers to show the incident in 2021 should have been recorded as a notification only, with £0 settlement.

Address and compensation for Mr H1

Admiral didn't answer Mr H1's concern about his address. But seems to acknowledge it only has an address for him at "B Road". I note it was the provision of a cheque which highlighted this to Mr H1. I don't doubt, knowing that a cheque was due, that he'd have tried to make sure Admiral had his correct address. I think its most likely that the cheque went to an incorrect address because Admiral didn't correctly update Mr H1's records. I appreciate this was frustrating for Mr H1 and its lucky he was able to retrieve the cheque.

Mr H1 didn't know Admiral had recorded the 2021 incident incorrectly until 2023. It was only at this time that he became concerned that this was what had been impacting the policy premiums in the last couple of years. But I can see that would have caused him significant worry and concern at that time. With even more frustration being caused when Admiral refused to recalculate the premium, or to clearly explain the "personal injury" reference on the 2021 renewal. I think if Admiral had been more transparent about things Mr H1 may not have felt compelled to escalate his complaint.

Taking everything into account I think £150 compensation, for Mr H1 is fair and reasonable. I'm not sure if the £75.00 Admiral offered before was paid, or if it was paid, whether this went

to Mr H1 or Mr H2. If Admiral paid £75.00 to Mr H1 then it now only needs to pay him a further £75.00. If it didn't pay Mr H1 any compensation, it should pay him £150."

Admiral did not reply to my provisional decision.

Regarding premiums Mr H2 said he was not insured on any cars with Admiral in 2022 or 2023. But he said he did have additional costs when insuring elsewhere. He asked how they would be accounted for. He said written evidence is required of the claim being closed and the personal injury claim being removed – that Admiral should evidence all of this to us.

Mr H1 said he had not received any cheque or compensation from Admiral.

Mr H2 said it was only now they'd become aware that Admiral had paid out for the damaged motorbike – it had never told them that. He said the rider never came off the bike. He feels Admiral deliberately sought to cover up its settlement by labelling its payment as "personal injury" on the renewal. He said Admiral has fobbed them off for three years and a different decision should be made. Mr H2 said £150 doesn't compensate for all the calls and effort they had to go to in order to try and track down what personal injury Admiral had paid for.

Mr H2 also asked about his complaint. He wanted to know how his upset would be accounted for.

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 note Admiral has not replied.

In respect of the premium, I explained provisionally why I haven't made a cash award for the extra cost of cover with other insurers in 2022 and 2023. The remedy for this is for Admiral to write a letter which Mr H1 and/or Mr H2 can share with their insurers from those years the claim remained/remains open. This service would expect those insurers to review their pricing according to that correction of risk – even if those policies have expired. If Mr H1 or Mr H2 is unhappy with any response they receive from those insurers, they can make a further complaint.

I appreciate that Mr H1 and Mr H2 might be worried about whether Admiral will action my directions. But once a final decision is issued, our involvement ends. If the decision is accepted by the complainants within the deadline set, it becomes binding on the insurer. Further there is no "personal injury" claim to be removed and I've explained why the sum of £2,415.37, erroneously referred to as for a "personal injury", has to remain on the record.

Mr H1's complaint to this service about the incorrect address arises from his concern that important documents could have gone missing. If he is actually concerned that the cheque was not received, he will need to ask it to reissue this and/or, if he wants to, complain about it.

I don't think Admiral lied to Mr H1 and Mr H2 in order to cover up that it had settled the damage claim. It really wouldn't make a difference to Admiral whether the money it had paid was logged as paid for personal injury or vehicle damage. I'm satisfied that the settlement paid got mis-categorised. And once that had occurred Admiral was then unable to retrace that figure. In any event, this service does not seek to punish insurers when awarding compensation and the reason behind the mistake here didn't change the level of upset caused. The information was incorrect, frustration was caused, and time and effort were put

in to trying to trace/rectify the detail. As explained provisionally, I've taken account of all of that – in respect of Mr H1 – in the suggested award of £150 compensation. I remain of the view that that is a fair and reasonable sum in the circumstances.

I also explained provisionally that I would not deal with upset caused to Mr H2 within this decision document. His complaint about upset caused to him will be considered separately. I'm satisfied that it's fair and reasonable to do that in the circumstances here.

Putting things right

I require Admiral to:

- Amend its own and any external database to show the 2021 incident was an incident/notification only. But if this can't be done whilst keeping the settlement record, the amendment should show "bonus allowed".
- Ensure the relevant NCB is allowed.
- Pay £200 as an adjustment of premium for M for 2021, to the payer of the premium. Plus interest* applied from the date M's 2021 premium was paid until settlement is made.
- Pay £150 as an adjustment of premium for each car, other than M/M1, Mr H2 was a named driver for at renewal in 2021 and 2022. This to be paid to the payer of the premium. Plus interest* applied from the date the 2021 and 2022 premium for each relevant car was paid until settlement is made.
- Pay Mr H1 total compensation of £150, but if £75.00 has already been received by Mr H1, then only a further £75.00 will need to be paid.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Admiral to take off tax from this interest. If asked, it must give Mr H1 and Mr H2, as appropriate, a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H1 and Mr H2 to accept or reject my decision before 1 February 2024.

Fiona Robinson
Ombudsman