

The complaint

N complains about how Admiral Insurance (Gibraltar) Limited handled its claim on its motor insurance policy and that it declined the claim.

Mr B is a director of N and brings the complaint on its behalf.

What happened

N owned a vehicle that was insured by Admiral. In November 2022 Mr B made a claim on N's policy after the vehicle suddenly stopped while it was being used. He said he'd taken it to a garage and they'd identified a problem with the fuel in the tank.

Admiral said a fuel test would be required and that it would send him a kit through the post. However this didn't arrive and Mr B had to chase Admiral over the months that followed.

In February 2023 the kit arrived and the fuel was tested. The results showed that there was an elevated level of water and biodiesel in the fuel. Based on this, Admiral declined the claim. It said the issue was due to mis-fuelling and this was excluded under the policy.

Mr B made a complaint. He said Admiral had taken too long dealing with his claim and this had meant he was without a vehicle for many months. He'd also had to chase Admiral for any updates and on occasions had been left on hold for nearly two hours.

Admiral upheld his complaint and agreed the service it had provided had been poor. It offered £200 compensation.

Mr B didn't think this was enough. He said he also thought Admiral had unfairly declined his claim, as he hadn't put the wrong fuel in the vehicle, but instead it had just been contaminated as it was filled from a tank rather than at a petrol station. He brought his complaint to this service.

Our investigator considered all the issues and recommended the complaint be upheld. She didn't think Admiral had acted fairly by declining the claim, as Mr B had put the correct fuel in the vehicle, it just contained increased levels of biodiesel and water. So she didn't think this fairly amounted to 'misfuelling'. She thought it should reconsider the claim in line with the remaining policy terms and conditions. And while she agreed it had provided a poor service, she thought it had done enough to put things right by offering £200 compensation.

Mr B accepted our investigator's outcome. However Admiral didn't. It said that Mr B hadn't complained about the decline of the claim in his original complaint. However if he had it would have maintained the decline as the report on the fuel confirmed that the sample didn't *'conform to the diesel fuel specification'*. So while diesel had been put in the vehicle, it was the wrong type of diesel. So this amounted to misfuelling and wouldn't be covered under the policy.

As agreement hasn't been reached, the complaint has come to me to decide.

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.

The policy term Admiral has relied on is as follows:

'We will not pay...

9 For any loss or damage caused by using the incorrect type of fuel or failing to keep the correct amount of lubricant in your vehicle'

I've considered whether it's applied this fairly in the circumstances of this complaint.

I've looked at the report from the fuel test. The report confirms that the fuel tested was diesel. However the results show that it was made up of 9.75% biodiesel, where the maximum to conform with the specification for the vehicle would be 7%. And the water content was at 0.37%, where the maximum to conform would be 0.02%.

The policy terms state that where damage is caused by using 'the incorrect type of fuel' it isn't covered. Here, the correct type of fuel was used – diesel rather than petrol. However the fuel appears to contain slightly higher levels of biodiesel and water than the vehicle requires.

Mr B has explained that as he uses the vehicle primarily on a farm, he sometimes fills it up with fuel from a tank on the farm rather than from a petrol station. And this may mean the fuel was contaminated with sediment from the farm. And this is a reasonable explanation.

Further, the test on the fuel wasn't carried out until five months after the vehicle had stopped working and the fuel tank was removed. So there is a chance the fuel in the tank could have been contaminated by the elements at this stage, rather than when the fuel was originally put in the tank. Based on this, I don't agree that the vehicle was damaged due to Mr B using the 'incorrect type of fuel' and therefore the exclusion hasn't been fairly applied.

I also note that Admiral has said that Mr B changed his story from the first notification of the claim, after he found out about the exclusion. I've listened to the calls between Mr B and Admiral. In the first call Mr B said that the garage thought it was 'accidental mis-fuel of some kind' and he went on to say he thought it was likely his mistake. In this call he didn't confirm where the car was fuelled. In later calls he confirms that he often fuels the vehicle from a tank and this could be where contamination took place. While he said the alleged mis-fuelling was likely his mistake, he didn't say how the tank was filled or that the wrong fuel was used in the first call. And he didn't give more detail about this until the second call. So I don't agree he changed his version of events.

Based on all the evidence I don't think Admiral acted fairly by declining Mr B's claim. I therefore agree with our investigator that Admiral should re-consider the claim in line with the remaining terms and conditions without applying the exclusion for the incorrect fuel.

I've also considered the service Admiral provided throughout the claim. I agree it took far longer to resolve than I would have expected. From looking at the claim notes provided it seems that Admiral did little to progress the claim in the first month. And this meant Mr B had to get in touch with it to move the claim along. He's shown that he had to be on the phone for a significant time while he waited to speak to someone. This would have been very inconvenient.

I can see that in December Admiral said it sent out a fuel test, but that this didn't arrive with Mr B. As there were postal strikes at that time, it's likely this was the cause of the issue. So I can't hold Admiral responsible for this delay. However after this time it still took until February for the test to be received and returned, which meant a decision on the claim wasn't made until February 2023.

Based on this, I agree Admiral caused some avoidable delays throughout this claim. However it's offered £200 to make up for the inconvenience it's caused and this is in line with what I would have directed if it hadn't made an offer. So I won't ask it to do any more in this regard.

My final decision

For the reasons I've given, I uphold N's complaint and direct Admiral Insurance (Gibraltar) Limited to reconsider its claim in line with the remaining terms and conditions of the policy, without applying the exclusion for incorrect fuel.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B, on behalf of N, to accept or reject my decision before 3 January 2024.

Sophie Goodyear
Ombudsman