

The complaint

Miss N complains about Admiral Insurance (Gibraltar) Limited's handling of a claim under her car insurance policy.

Miss N is represented in this complaint, but I'll simply refer to her throughout.

What happened

The crux of Miss N's complaint is about Admiral's decision to reject her car insurance claim. I acknowledge there are other peripheral issues including Admiral's communication for which Admiral offered £200 compensation. But I won't rehearse all the details as the parties are aware of what occurred and what forms Miss N's complaint about Admiral.

Miss N tells us that in late May she had her car serviced and MOT'd, which necessarily involved removal and refitting of all wheels. There were advisory notices about the front brakes and tyres. Around four weeks later she was driving along an 'A' road when the front nearside wheel came off. She says she was able to guide the car to the nearside kerb coming to a standstill by using the kerb. There were no other cars involved in the sense that no vehicles collided, and no one was injured. No third party or roadside property (such as signs or structures) was damaged.

Admiral declined Miss N's claim on the basis that it was not an insured event under the policy. While the wheel fell off there was no evidence to show whether that was because of an accident or malicious damage. Admiral considered the circumstances an incident, reviewed the car's MOT history and was concerned the history indicated mechanical concerns with the nearside front wheel, which was the one in question. But Admiral apologised for poor communication and some delays this caused offering £200 compensation.

Our investigator explained why she didn't think Admiral had acted unfairly in relation to its decision about the claim. She said the policy had a specific exclusion for any loss or damage caused by mechanical failure, breakdown, breakage, or malfunction. On the information available, the investigator said there was no explanation from any of the reports saying why the wheel fell off. Miss N had confirmed she hadn't hit anything and so the investigator thought the exclusion for mechanical failure fairly applied. She agreed Admiral's handling was poor and felt the £200 offered was a fair amount.

Miss N disagreed, the main point being that in her view the most reasonable explanation was human error when the vehicle was in the garage being serviced and MOT'd, exacerbated by poor road conditions.

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.

My determination of this complaint is made in line with the regulator's Dispute Resolution

Rules (DISP). These rules say I must make my decision by reference to what I consider to be fair and reasonable in all the circumstances of the case. DISP 3.6.4R says I need to take into account relevant:

- law and regulations.
- regulators' rules guidance and standards.
- codes of practice; and
- (Where appropriate) what I consider to have been good industry practice at the time.

The starting point is the car insurance policy as it sets out what damage is and isn't covered as well as specific conditions and exclusions. Of relevance, the policy includes cover for vehicle damage due to "...an accident...and...vandalism". As the investigator pointed out, the policy excludes cover where the damage is caused by mechanical failure, breakdown, breakage, or malfunction. There's also a general condition in the policy that says no cover will be given if an incident happens, which is directly or indirectly caused or contributed to by the condition of your vehicle.

The service and MOT invoice shows work included the "...removal of all wheels, refitted and torque to spec as p[er] Manufacturer's guidelines." It's also apparent the vehicle's mileage was 54,253. When the wheel fell off some 26 days later the mileage had increased by 506 miles.

There is simply no evidence showing, on balance, why the wheel came off. There's no evidence of poor road conditions such that Miss N may have hit something thereby causing the wheel to come off. Indeed, Miss N's recollection is that she didn't hit anything. There's nothing to suggest there was any vandalism or malicious acts involved. And while no specific evidence of this it may be as Miss N suggests, the wheel bolts were loose. I accept that's a reasonable inference to make although the evidence is far from conclusive.

I've considered the very brief comments Miss N has obtained from a Bodyshop manager, but his comments are of limited assistance. All he really says is that by the time the vehicle was with him (after being at another Bodyshop) he couldn't see a mechanical fault that would have caused the wheel to come off.

With no demonstrable cause as to why the wheel came off, the circumstances are, in my view, best described as an incident. I've thought carefully about whether a reasonable onlooker or ordinary person would, likely, say that there had been an accident. I'm not persuaded they would because no other vehicle or property was involved. In simple terms there had been an incident: the wheel came off and the car slowed to a stop with some resultant damage to the car because the wheel came off but not due to an accident.

Without any notable specific cause, such as striking a pothole or other object, I am satisfied, on balance, there was a mechanical failure, breakage, malfunction, or breakdown such as the wheel bolts failing to perform their function of retaining the wheel on the vehicle. In the alternative, and as suggested by Miss N, the wheel bolts may have been subject to some 'human error' at the recent service or other intervening point if tyres were changed after the MOT advisory warning about tyres being close to legal limits.

In either case, the policy doesn't offer cover for the resultant damage to Miss N's car. Either the specific exclusion for mechanical failure, breakdown, breakage, or malfunction applies, or the general condition where no cover will be given if an incident happens, which is directly or indirectly caused or contributed to by the condition of the vehicle (insecure wheel bolts). The policy is not one that covers accidental damage per se, like a home insurance policy

might, rather, cover is for damage caused by an accident. I'm satisfied that Admiral has declined the claim fairly based on there being no demonstrable cause of an accident that means cover 'bites'. It was an unfortunate incident and damage has resulted but not such that is covered by the car insurance policy.

I've considered the handling of the claim and agree that Admiral wasn't clear about what exactly was happening and where the vehicle was. This clearly caused distress to Miss N such that she asked a representative to step in for her to deal with the claim. Admiral has acknowledged its failing and sent a cheque of £200 as compensation. I'm satisfied that's fair in the circumstances.

My final decision

I don't uphold Miss N's complaint point about the claim being declined unfairly.

I am satisfied Admiral Insurance (Gibraltar) Limited's handling of the claim was poor and £200 compensation was fair.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 9 February 2024.

Sean Hamilton
Ombudsman