

The complaint

Mrs L complains that Admiral Insurance (Gibraltar) Limited mishandled her claim on a motor insurance policy.

What happened

The subject matter of the claim and the complaint is a sports utility vehicle made by a premium brand car-maker and first registered in 2018.

Mrs L acquired the car in late 2020. She financed about £25,000.00 of the price on a three-year agreement with a finance company. She agreed to pay monthly instalments of £179.26. She agreed to make a “balloon payment” of about £25,000.00 at the end of the term.

For the year from late August 2022, Mrs L had the car insured on a policy with Admiral. Any claim for theft was subject to a policy excess of £350.00.

Unfortunately, Mrs L reported that someone had stolen the car in early September 2022. Admiral accepted the claim.

The finance company took payments of £179.26 from Mrs L in late September and late October 2022.

In early November 2022, Admiral sent the finance company a cheque for £25,320.25. However, it later turned out that the cheque had gone astray.

At about the same time, Admiral paid £10,589.75 to Mrs L.

The finance company took payments of £179.26 from Mrs L in late November 2022 and late December 2022.

Mrs L complained to Admiral that it was responsible for poor service including delay, during which she'd continued to make payments to the finance company.

By a letter dated 19 January 2023, Admiral said that it was increasing its pre-loss valuation of the car. It set out the following figures:

Pre accident value:	£42,999.00
Less policy excess:	£ 350.00
Paid to finance:	£25,320.25
Paid to Mrs L	£10,589.75
Additional payment to be made to Mrs L	£ 6,739.00

In late January 2023, the finance company tried to take a payment of £179.26 but Mrs L stopped it.

On about 10 February 2023, Admiral paid Mrs L £5,827.00.

In mid-February 2023, Admiral paid the finance company £25,570.56 (an increase of £250.31 from its cheque for £25,320.25).

On about 17 February 2023 Admiral paid Mrs L a further £661.49.

By a final response dated 23 March 2023, Admiral upheld the complaint. It said it was sending Mrs L the following:

£150.00 for the trouble and upset caused
£ 50.00 for the delayed response
£ 25.00 for the hold times
£250.51 for the increased finance payment
£ 7.07 simple interest
£179.26 for the arrears
£ 0.85 simple interest
£ 22.00 simple interest
£684.69 total

Mrs L replied in late March 2023.

Mrs L brought her complaint to us in late April 2023.

our investigator's opinion

Our investigator recommended that the complaint should be upheld. He thought that Mrs L had suffered inconvenience and financial detriment with the delays that had occurred. He recommended that Admiral should:

1. pay a further £150.00 compensation to bring to the total to £300.00; and
2. revise their redress and calculate the relevant amounts (including 8% simple interest from the relevant dates of the payments up to the date of settlement) and revert to Mrs L after taking into consideration any previous payments (including interest) they've made.

Both parties sent some additional information to show their payments. The investigator changed his recommendation. He thought that Admiral had met their obligations with paying the settlement figure for Mrs L's finance agreement and had been fair in refunding the payments they had to ensure she'd not suffered any financial loss.

The investigator no longer recommended that Admiral should take any further action with the payments Mrs L made to the finance company. He still recommended that Admiral should pay a further £150.00 compensation to bring to the total to £300.00.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mrs L and to Admiral on 26 February 2024. I summarise my findings:

I was minded to find it fair and reasonable to direct Admiral to pay Mrs L a balance calculated as follows:

	Debits	Credits	Balance
Increase in settlement figure	£250.31		
Paid on final response		£250.51	
Three instalments of £179.26	£537.78		
Interest paid		£ 29.92	
Arrears paid		£179.26	
Balance			£328.60

As Mrs L has been out of pocket, I was minded to find it fair and reasonable to direct Admiral to pay her interest on that balance at our usual rate.

I'd also thought about the distress and inconvenience caused to Mrs L by the delays and other shortcomings in Admiral's service.

Subject to any further information either from Mrs L or from Admiral, my provisional decision was that I upheld this complaint in part. I intended to direct Admiral Insurance (Gibraltar) Limited to pay Mrs L – in addition to its previous payments:

1. £328.60 for financial loss; and
2. simple interest on that amount at a yearly rate of 8% from 27 December 2022 to the date of the further payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs L how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
3. a further £150.00 for distress and inconvenience.

Mrs L hasn't responded to the provisional decision. Admiral accepted the provisional decision. So I see no reason to change my view.

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.

Admiral had to pay the pre-loss market value of the car, less the policy excess. And it had to split its payment between the finance company and Mrs L. The more Admiral paid to the finance company, the less it paid Mrs L.

I don't hold Admiral responsible for the fact that she had to pay the instalment in late September 2022.

At the time of its letter dated 19 January 2023, Admiral thought it had paid £25,320.25 to settle the finance agreement in November 2022. Admiral's letter said that the finance company had cashed that cheque. However, Admiral upheld Mrs L's complaint. So I consider that it accepted fault for its handling of the payment.

Notwithstanding Mrs L's payments, the finance company must've quoted an increased settlement figure of £25,570.56 in mid-February 2023. The increase of £250.31 was, in my view, likely to have taken into account the stopped payment of £179.26 in late January 2023.

So, compared with the letter dated 19 January 2023, Admiral paid the finance company £250.31 more. That meant that there was £250.31 less for Mrs L. That's why – instead of paying Mrs L the £6,739.00 mentioned in the letter of 19 January 2023, Admiral paid Mrs L £6,488.49 in February 2023.

Admiral continued to honour its pre-loss valuation of £42,999.00. (I don't accept that it was using a final valuation figure of £41,737.00.)

The final response referred to five instalments totalling £896.30. I don't consider that Admiral agreed to refund five instalments of £179.26 for the five months October, November and December 2022 and January and February 2023. Rather, Admiral was paying interest on that total.

Miss L quoted a section from Admiral's letter of 6 April 2023. That wasn't as clear as it might've been. But I don't consider that Admiral had changed its position.

As Admiral was responsible for the delay between October 2022 and February 2023, I will compare the financial position Mrs L should've been in on a settlement of the finance agreement in late October 2022 with the financial position she was in on a settlement in mid-February 2023.

I consider that Mrs L was worse off by the difference between the two settlement figures. However, Admiral's final response payment in March 2023 included a further £250.51. So I don't find it fair and reasonable to direct Admiral to pay Mrs L the difference again.

I consider that Mrs L was worse off by the extra instalments she had paid. I've noted that her instalments were almost entirely of interest rather than capital. From what I've seen, Mrs L only paid the three instalments in October, November and December 2022, and not the instalments in January or February 2023.

Putting things right

In order to put Mrs L back in the financial position she should've been in in October 2022, I find it fair and reasonable to direct Admiral to pay Mrs L a balance calculated as follows:

	Debits	Credits	Balance
Increase in settlement figure	£250.31		
Paid on final response		£250.51	
Three instalments of £179.26	£537.78		
Interest paid		£ 29.92	
Arrears paid		£179.26	

Balance

£328.60

As Mrs L has been out of pocket, I find it fair and reasonable to direct Admiral to pay her interest on that balance at our usual rate.

I've also thought about the distress and inconvenience caused to Mrs L by the delays and other shortcomings in Admiral's service. Some of that was to do with being kept out of her money, for which interest is compensation. Nevertheless, Mrs L had to make extra phone calls and to spend extra time trying to resolve her claim. I don't under-estimate how frustrating that must've been for her.

Admiral tried to put things right with payments of compensation at the time of the final response. Overall, I consider that – in addition to such payments and the payments for financial loss and interest – a further £150.00 is fair for distress and inconvenience.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Admiral Insurance (Gibraltar) Limited to pay Mrs L – in addition to its previous payments:

1. £328.60 for financial loss; and
2. simple interest on that amount at a yearly rate of 8% from 27 December 2022 to the date of the further payment. If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mrs L how much it's taken off. It should also give her a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and
3. a further £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 9 April 2024.

Christopher Gilbert

Ombudsman