

The complaint

Mr K and Mrs K complain that Admiral Insurance (Gibraltar) Limited hasn't fairly settled their claim on their motor insurance policy. Mrs K is a named driver on Mr K's policy, and she represents him in this matter. She wants Admiral to repair the car or write it off and pay her compensation for her transport costs and trouble and upset.

What happened

Mr K's imported car was damaged in an incident and Admiral accepted his claim for repairs. But Admiral wasn't able to locate the parts needed for the repairs, so it paid Mr K a cash in lieu settlement for his claim. Mr K was unhappy as he couldn't source the parts locally and the costs of importing them was high. So the car was unusable. Admiral agreed its service had been wanting and it paid Mr K £100 compensation for this.

Our Investigator recommended that the complaint should be upheld. She thought Admiral could either repair the car or pay a sum for the repair costs. But it hadn't done either. So she thought Admiral should either pay reasonable import costs and repair the car or pay Mr K the car's market value. And she thought Admiral should increase its compensation for its level of service to £400.

Mr K replied that he accepted this. But Admiral replied that it had paid cash in lieu of repairs in keeping with the policy's terms and conditions. It said it wouldn't import parts or pay for this. It wanted to see evidence that Mr K hadn't been able to source the parts locally before it considered a total loss settlement. Admiral asked for the Ombudsman referral to be paused until it had seen Mr K's evidence.

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.

It's now more than a year since Admiral paid Mr K a cash settlement for his repair costs and, from what I can see, the unusable car remains on Mr K's driveway. Admiral was provided with Mr K's evidence showing that the parts weren't available locally and the costs of importing them over a month ago. It hasn't provided a further response, so I think it's fair and reasonable for me to now make a decision on this complaint.

Our approach in cases like this is to consider whether the insurer's acted in line with the terms and conditions of the policy and fairly and reasonably.

Admiral said it wasn't able to source parts to repair Mr K's car. Mr K's policy states on page 15 of the policy booklet:

"We will decide how to settle your claim and will either pay:

- *to repair your vehicle*
- *a cash sum to replace the damaged vehicle.*

If we give you a cash sum, the most we will pay is the market value of the vehicle. Should we deem your vehicle repairable but are unable to complete or guarantee the repairs, we will offer you a cash sum to cover reasonable costs of parts and labour.”

So Admiral said it was entitled to pay cash for replacement of the damaged part. Admiral gave Mr K some options he could pursue to look for parts locally. It suggested that he could look at online “*forums and website, local breakers yard or contact the main dealer for reconditioned parts*”. But it also told him that it hadn’t explored all the options available.

Mr K has provided evidence to show that he looked into these options, but he couldn’t locate the needed parts locally. So he looked at importing them, but the costs were higher than Admiral’s cash payment and the logistics were complicated.

As our Investigator has explained, Admiral was aware that Mr K’s car was imported, and it provided cover for it. Admiral is required by the policy’s terms and conditions to try to repair the car. The policy doesn’t exclude importing needed parts.

So I think that if the parts aren’t available locally, then Admiral should cover the reasonable import costs, but it hasn’t done so. The other option available under the policy’s terms and conditions is for Admiral to declare the car to be a total loss and to pay Mr K the car’s market value. But it hasn’t done this either.

So I’m not satisfied that Admiral dealt with Mr K’s claim in keeping with the policy’s terms and conditions or fairly and reasonably. And so I think it should now reopen the claim and decide which of the above options to follow.

Mr K has suffered considerable stress and inconvenience during this claim. The Investigator has already explained that his direct financial costs for alternative transport and inconvenience should be covered under his legal expenses claim. Admiral has paid Mr K £100 compensation for his inconvenience and for the delay in responding to his complaint.

But I’m not satisfied that this goes far enough in the circumstances. Our Investigator recommended that Admiral should increase its compensation payment to £400. I think that’s in keeping with our published guidance for when an error has caused significant trouble and upset over a period of many months. So I think that’s fair and reasonable.

Putting things right

I require Admiral Insurance (Gibraltar) Limited to do the following:

1. Pay Mr K either the reasonable import costs for the needed parts for his car or declare the car to be a total loss and pay him the car’s market value.
2. Pay Mr K £400 (in total) for the distress and inconvenience caused by its handling of his claim.

My final decision

For the reasons given above, my final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr K and Mrs K to accept or reject my decision before 8 November 2023.

Phillip Berechree
Ombudsman