

## **The complaint**

Mr W has complained that Admiral Insurance (Gibraltar) Limited ('Admiral') didn't make a cash payment for vehicle repairs under his motor insurance policy, following an accident.

For the avoidance of doubt, the term 'Admiral' includes its agents, representatives and contractors for the purposes of this decision letter.

## **What happened**

Mr W was involved in a road accident in early February 2023 that wasn't his fault. He reported the matter to Admiral as his insurer at the relevant time, and it started to process the claim. Admiral initially thought that the vehicle was a total loss, but then agreed that the vehicle was repairable. It asked Mr W to obtain a repair estimate and said that it would then settle his claim with cash in lieu. Mr W said that Admiral didn't honour its agreement.

Mr W said that an estimate had been provided by the garage in question as he'd been working in the area at the time. The garage wasn't convenient for repairs and Mr W wanted to receive cash in lieu in order to arrange repairs at his convenience. However, Admiral then withdrew its cash in lieu offer as the garage had already ordered parts for repair. It considered that it had acted fairly and reasonably and didn't uphold Mr W's complaint.

Mr W referred his complaint to this service. The relevant investigator upheld his complaint. She didn't consider that Admiral had acted in a fair and reasonable manner. She thought that when Admiral received the repair estimate from Mr W, it had assumed that he wanted the car repaired at the garage, which wasn't an approved garage. It had then made a mistake in authorising the repairs rather than using the estimate to make a cash in lieu payment as agreed. She said there was no evidence that Mr W had asked for or agreed for the garage to complete repairs.

The investigator therefore recommended that Admiral settle the claim with a cash in lieu payment based upon the repair estimate that Mr W originally provided, together with interest. She also recommended that Admiral pay £200 compensation for the upset and inconvenience caused to Mr W.

Admiral didn't agree with the outcome of Mr W's complaint. The matter has therefore been referred to me to make a final decision in my role as Ombudsman.

## **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 key issue for me to consider is whether Admiral treated Mr W in a fair and reasonable manner in declining to make a cash in lieu settlement. I don't consider that it did, and I'll explain why. In reaching this decision, I've also considered the parties' submissions as summarised below.

Mr W said that Admiral said it could settle the claim by means of a cash in lieu settlement. He said that Admiral had told him just to get a quote and it could pay him. Mr W said that Admiral didn't advise that it had to be a garage that it had approved. In March 2023, Admiral had then asked Mr W to resend the repair estimate he'd received, and it had agreed the estimate directly with the garage, so the garage had ordered the parts. Two days' later, Mr W called Admiral as the garage had contacted him to say that repairs had been approved. Mr W was confused as he was expecting a cash in lieu settlement. If he'd used the relevant garage, it would have meant a 45 miles journey there and 45 miles back with no courtesy car.

Mr W said he'd asked Admiral to cancel the work as soon as it told Mr W that it had been given the go-ahead by Admiral and he also told the garage not to proceed. Admiral's engineers said that a cash in lieu payment would only have been possible if the garage hadn't ordered parts. It said that it wasn't its policy to pay cash in such circumstances as Mr W had gone to a non-approved garage, the garage had already ordered parts and couldn't get a refund. Mr W was unhappy that Admiral was now refusing to pay a cash in lieu settlement and saying repairs had to take place at the non-approved repair garage.

Mr W felt strongly that all he'd done was to follow Admiral's instructions. Mr W also said that he'd spent many hours on hold on the phone when he'd been attempting to contact Admiral. He'd found the whole process to be a frustrating and *'horrible experience.'*

I now turn to Admiral's response to the complaint. It upheld certain service aspects of Mr W's complaint but didn't uphold the substantive issue regarding Mr W's wish to receive a cash in lieu settlement. It said that the garage in question had initially been chosen by Mr W. It noted that the garage went ahead and ordered parts for repair, despite being asked not to by both Admiral and Mr W. It said that as the garage was a non-approved repairer with whom it had no contract, it was unable to have any input into the decision to order the parts for repairs. It said it was unable to overturn or dispute the decision of its in-house engineer in this respect.

Admiral said that even if its engineer had agreed the repair estimate, the onus was still on the customer to ensure that the garage he'd chosen *'knew they were never to do the repairs and were to provide an estimate only.'* It said it had no control over the chosen repairer and its decision to order parts. It asked why a garage would order parts without first contacting the customer to confirm that the estimate was agreed and then, *'if they incorrectly believed they were to repair the car, discuss booking in dates with them?'* It added that the garage had stated that Admiral was liable for the cost of the parts.

Admiral said that as per the policy terms and conditions, it had the right to resolve claims as it saw fit. In this instance, it said repair was appropriate *'due to the customer's chosen repairer's actions.'* Admiral thought that *'the customer should have made the situation clear to their chosen repairer that they never intended to have the repairs completed when they had the estimate done'* With its own approved repairers, Admiral sends an *'estimate only'* instruction so that the position is clear. In summary, Admiral considered its current stance was *'the best outcome available otherwise unnecessary further costs could be incurred.'*

As to the service issues Mr W complained of, Admiral upheld Mr W's complaint. It acknowledged that there had been long hold times on the phone, poor communication and a need for Mr W to chase for updates throughout. It recognized that it hadn't been able to meet Mr W's expectations and said that backlogs had been the main reason for the shortfall in service. Admiral sincerely apologised for any inconvenience this may have caused and had offered £150 to recognise the resulting distress and inconvenience.

Having carefully considered the evidence and submissions in this matter, I now provide my reasoning for this final decision. I consider that this whole unfortunate episode has arisen due to lack of clarity and confusion in process. I can't however say that this lack of clarity

and confusion was anything to do with the customer's actions in this case. Mr W wouldn't be expected to be well-versed with the insurer's procedures in the event of a claim. I'm satisfied however that Admiral didn't act in a fair and reasonable manner in all respects.

Firstly, I can understand why Mr W was reluctant for repair works at a garage would have meant a 45 miles journey there and 45 miles back with no curtesy car. I can also understand why he used a non-approved garage to obtain a quote as Admiral hadn't informed him that this was necessary.

I've listened to relevant case calls, and I note that towards the end of February 2023, Mr W called Admiral for an update. It said that it would proceed on a cash in lieu basis. It advised Mr W to obtain an estimate from a garage of his choice, and Admiral's engineer would then review the estimate. It would then make a cash in lieu payment, and it took his bank details. The records also show that Admiral was aware that Mr W didn't wish to be bound to a particular garage and that he wanted to do the repairs at his leisure. Admiral had then recommended use of an automatic estimate approval system, without explaining that automatic approval could well lead to the garage assuming that it was authorised to proceed.

The notes show that Admiral had obtained the estimate, and once approved by Admiral, I consider that the onus was then upon Admiral to pay cash in lieu to Mr W, as agreed. I also consider that the onus was upon Admiral to ensure that the garage understood that its approval of the estimate didn't necessarily mean that it should proceed to order parts. It was Admiral that had advised that Mr W could use a garage of his choice and to use the automatic approval system. I consider Mr W did nothing more than to follow Admiral's instructions. In the circumstances, I conclude that it was unfair and unreasonable for Admiral to renege on its agreement to pay cash in lieu and Admiral's case notes support Mr W's version of events.

The case notes also indicate that Mr W had contacted Admiral one evening at the end of March 2023 as the garage had contacted him to say that the estimate was authorised. He'd contacted Admiral to reiterate that he was expecting cash in lieu. This record provides supporting evidence that it had been on the basis of Admiral's contact with the garage (presumably through the automatic estimate approval system), that the garage had been led to believe that it was to proceed with the work, and so ordered relevant parts.

In summary, I'm satisfied that Mr W provided Admiral with an estimate, and then reasonably expected to receive a cash in lieu payment as promised. Admiral's claim notes and telephone records support this finding. On the balance of probabilities, I also consider that the lack of clarity and confusion here was due to Admiral's failure to make it crystal clear to Mr W and the garage that confirmation of an estimate didn't mean that Admiral was authorising work to proceed. I therefore conclude that Admiral acted in an unfair and unreasonable manner in declining to pay Mr W a cash in lieu settlement at the relevant time.

As for the service failures including long waiting times, poor communication and Mr W having to chase, Admiral upheld these aspects of Mr W and offered compensation of £150. Whilst I agree that modest compensation is appropriate in such circumstances, I conclude that £200 compensation would be a more appropriate sum to reflect the frustration and inconvenience caused in this instance.

### **My final decision**

For the reasons given above, I uphold Mr W's complaint and require Admiral Insurance (Gibraltar) Limited to the following in response to his complaint: -

- Settle Mr W's claim by making a cash in lieu payment in accordance with the repair estimate originally provided by Mr W, within 28 days of this final decision.

- To pay interest on the cash in lieu amount, as calculated from the date the claim should have been settled (14 days after receipt of the estimate) to the date of payment, at 8% a year simple interest\*
- To pay £200 compensation for the frustration and inconvenience caused.

\*If Admiral considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 November 2023.

Claire Jones  
**Ombudsman**