

## **The complaint**

Mr E and Mrs E complain that Admiral Insurance Company Limited declined their claim made on their motor insurance policy.

## **What happened**

Mrs E, a named driver on Mr E's policy, accidentally added an exhaust fluid product to their car's cooling system, and this led to damage to the car's engine. Admiral initially declined the claim but then said that it would accept it if its independent assessor agreed that the damage was due to the exhaust fluid. The independent assessor agreed, and Admiral said it would pay the claim. The car was then taken to Admiral's approved repairer.

But Admiral then reviewed and declined the claim as it said Mrs E had failed to protect the car from harm. Mr E was unhappy with this decision and that Admiral had continued to send correspondence to Mrs E after he had asked it not to. Admiral offered Mr E £200 compensation for misinforming him and for sending correspondence to Mrs E by mistake.

Our Investigator recommended that the complaint should be upheld in part. He thought Admiral was entitled to decline the claim by the policy's terms and conditions as the car hadn't been protected from harm. He thought the policy didn't provide cover for accidental damage caused by the insured parties. But he thought Admiral's claim handling had been poor and it had continued to correspond with Mrs E, causing trouble and upset. He thought Admiral should pay £200 further compensation for this.

Admiral thought its offer of £200 compensation was fair and reasonable, but it agreed to increase this to £400 as a gesture of goodwill. But Mr E replied that Mrs E had added the wrong fluid to the cooling system by accident and this should be covered by the policy. He thought it was wrong for Admiral to go back on its original promise to pay the claim. He wanted to add further losses to his complaint against Admiral.

## **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.

I can understand Mr E and Mrs E's frustration and upset with Admiral's final decision to not pay their claim. I was sorry to hear of the effect the incident has had on Mrs E.

Mr E has raised a number of legal arguments for why Admiral should deal with his claim. But I think these may be better considered by a court. We provide an informal, alternative complaint resolution service. And, whilst we are mindful of the relevant laws, we are not bound by them. 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 replied on General Condition 3 of the policy terms and conditions to decline the claim. This states:

*"3. Care of your vehicle You and any other insured person must:*

- *protect your vehicle from loss or damage*

*Failure to comply with the above could result in the claim being refused and/or your policy being cancelled.”*

I'm satisfied that by adding exhaust fluid to the coolant system, albeit by accident, Mrs E wasn't taking care of the car as she wasn't protecting it from damage. Accidental damage by the insured isn't covered by the policy. And so I think Admiral can reasonably decide because of the policy's terms and conditions not to accept the claim.

But I agree that Admiral's handling of the claim hasn't been fair or reasonable. It mistakenly relied on the misfuelling exclusion in the policy to decline the claim. It mistakenly said that it would cover the claim if the independent assessor agreed that the exhaust fluid had caused the damage. It even arranged for the car to be taken to an approved repairer. And Admiral mistakenly wrote to Mrs E when it had been asked not to.

When a business makes a mistake, as Admiral accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

Admiral told Mr E in a phone call that the reason that it had declined the claim was due to the care of car terms and conditions. It explained that it hadn't followed its process before approving the repairs. So I think explanation and its apology restores Mr E's position as far as it's possible to do so as it shouldn't have approved the claim in the first place.

Mr E thought Admiral should honour its promise to repair the car after the independent assessor's inspection. But I don't think it would be fair or reasonable for Mr E to benefit from Admiral's error as I think it justified its decision to reject the claim. But what I can consider is the effect the reversal had on Mr E and Mrs E.

I can see that the change in decision had a considerable impact on Mr E, but especially on Mrs E. And I can understand their disappointment after Admiral had told them it would undertake the repairs. The Investigator recommended that Admiral should increase its offer of compensation to £400 to take into account the impact its claim handling had on Mr E and Mrs E and the error with its correspondence. I think that's fair and reasonable as it reflects the impact the errors had in keeping with our published guidance.

### **Putting things right**

I require Admiral Insurance Company Limited to pay Mr E £400 (in total) compensation for the distress and inconvenience caused by its handling of his claim, as it's already agreed to do.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint in part. I require Admiral Insurance Company Limited to carry out the redress set out above, as it's already agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E and Mr E to accept or reject my decision before 23 June 2022.

Phillip Berechree  
**Ombudsman**