

The complaint

Mr B has complained that Admiral Insurance (Gibraltar) Limited changed his policy from a telematics policy and didn't properly act on information he gave it. This resulted in Mr B owing a much higher premium and led to the cancellation of his car insurance policy.

Miss K, a named driver under the policy, is representing Mr B in his complaint.

What happened

Mr B bought a telematics policy with Admiral. The start date of the policy was 4 May 2023. Mr B agreed to repay the policy in monthly instalments under a credit agreement. The monthly premium was £257.99 which Mr B paid on 4 May 2023, followed by 11 instalments of £257.75. Mr B paid two instalments, so a total of £515.74.

A condition of the policy was for Mr B to ensure a telematics box was fitted to his car within 30 days of the policy start date. As Mr B didn't do this in time, Admiral changed his policy from a telematics policy to a standard policy. This change took place on 14 June 2023, backdated to 5 May 2023. This meant the discount applied for a telematics policy no longer applied, and the premium was higher under the standard policy.

On 10 July 2023 Miss K told Admiral she had unfortunately been involved in a non-fault incident – and the car was being repaired by the third party's approved repairer. She explained that this was the reason why Mr B couldn't fit the telematics box until after the repairs were completed. She said Mr B could no longer afford the increase in premium, and so he wanted to cancel the policy.

But because there was an open claim under the changed policy, Admiral said if Mr B cancelled the policy he would owe the remaining balance premium for the policy year, which was £5,219.70.

Alternatively, Admiral said Mr B would need to continue to pay the higher premium until the claim closed. On 12 July 2023, Miss K told Admiral she had provided proof of the non-fault incident to Admiral and so the claim was expected to be closed within the next 72 hours.

On 4 August 2023 Miss K called to ask why the policy hadn't been cancelled. Admiral confirmed it would backdate the cancellation to 10 July 2023. On speaking internally to its claims department, Admiral were aware the claim had been closed as a 'notification only' with no costs recorded.

On cancellation it isn't clear as to how much Mr B owed. He provided us with a copy of an undated email from Admiral which said he owed a balance on cancellation of £5,219.70.

Mr B complained to Admiral. Admiral didn't uphold his complaint. It said the correct balance on cancellation was £660.16. It said it had cancelled the policy from 10 July 2023 as requested. Admiral agreed to waive its cancellation fee of £55 as a goodwill gesture.

Mr B asked us to look at his complaint. Our Investigator thought Admiral had acted reasonably. As the telematics box wasn't fitted in time, Admiral was entitled to change the policy to a standard policy in line with its terms and conditions. And as there was an open claim on cancellation, the Investigator explained that the options Admiral gave Miss K (on behalf of Mr B) were correct.

Mr B didn't agree. In summary he says he made Admiral aware of the reason why it wasn't possible to fit the telematics box in time. It was something outside of their control as the 'at fault' party had admitted liability and arranged for his car to be repaired. Mr B said his car was not in his possession following the incident, which happened just before his previous policy had lapsed. His car was in the garage being repaired, and so the telematics box couldn't be fitted.

Mr B says even though Admiral was aware of this in May 2023, and it asked Admiral to contact the 'at fault' party for confirmation, it changed his policy which made the premium unaffordable.

Mr B says Admiral caused a delay in obtaining confirmation from the 'at fault' party. He says if Admiral had acted promptly in obtaining this confirmation, Mr B would not have been in the position he was put in. Mr B says he made numerous attempts to cancel the policy within 30 days, but Admiral didn't take appropriate action. Mr B says Admiral encouraged him to delay cancelling the policy, because it said he could wait until the claim settled and then wouldn't owe the full balance of over £5,000, which he said he couldn't afford to pay anyway.

Mr B says he has asked Admiral to provide a breakdown to show how the balance of £660.16 has been reached, but Admiral hasn't provided him with a response. Mr B doesn't agree he owes this balance.

He feels it is very unfair to have been punished for not having a telematics box fitted in time, when he made Admiral aware. He had no control over the circumstances and the incident wasn't his fault.

So Mr B wants an ombudsman to decide.

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've listened to key calls provided by Admiral, from 10 July 2023, 12 July 2023 and 4 August 2023. We asked Miss K and Mr B to provide evidence of any calls they made to Admiral before this date – as Mr B said they contacted Admiral in May 2023 – and within the 30 days of the start date – to make it aware of the car being repaired, and to cancel the policy. However, we haven't received any evidence to support this.

From the information I have, the date of the incident, or the date Admiral was first notified of the incident, was 14 June 2023. In the second of two recorded calls on 12 July 2023, Miss K called to query the balance Admiral said Mr B owed when she asked to cancel the policy. She explained that the reason why Mr B wanted to cancel the policy was because the higher premium (when switched from a telematics policy to a standard policy) was unaffordable.

Admiral explained to Miss K that if she had contacted Admiral earlier, it might have been able to give an extension of time for the telematics box to be fitted. But as Admiral wasn't

aware and the 30 days had now passed, it couldn't switch the policy back to a telematics box policy.

Miss K said she didn't want this to happen as she had taken out another policy a week ago – and had provided proof of the incident to Admiral to show she wasn't at fault. So she wanted to cancel the policy (with consent from Mr B provided), but was unhappy that he owed a premium.

It's clear from this call – and a call on 10 July 2023 – that the balance owed on cancellation was quoted to Miss K as £557.71.

However, Admiral explained in the second call on 12 July 2023 that as things stood, the claim was showing as an open claim, and therefore would be recorded as a 'fault' claim until closed. So if the policy was cancelled, Mr B would owe the balance of the full year's premium – as there was an open claim.

As Miss K said she had provided proof of the incident, Admiral agreed to pause any request for a balance premium for one week. Admiral asked Miss K to get in touch before the end of the week, which she agreed to do. Miss K said she would chase the matter daily as she wanted the claim to be settled as she couldn't afford to pay the balance of the yearly premium on cancellation. She explained that Admiral's claims team advised her it would take up to 72 hours to update the claim.

The next record of a call to Admiral was on 4 August 2023. Miss K called to say she tried to cancel the policy a few weeks ago, that the claim had been settled and she queried the outstanding amount Admiral said Mr B owed.

Admiral said it would backdate the cancellation to 10 July 2023. But it queried the amount Mr B owed on cancellation internally. Unfortunately Admiral has provided only part of this call – so I don't know what was discussed with Miss K following Admiral's internal checks on the balance.

But from the remaining information provided by Mr B and Admiral, it's clear Mr B didn't agree with the balance requested on cancellation. When Admiral replied to his complaint, it said the final balance was £660.16. It agreed to waive its cancellation fee of £55.

We asked Admiral to provide a breakdown of the cancellation balance. This was as follows:

- *Telematics policy annual premium = £2,536.83 before Insurance Premium Tax (IPT) and charge for credit.*
- *Standard policy annual premium = £4,983.26 (as above).*
- *One day cover (4 May 2023) total charge under Telematics policy = £8.51*
- *66 days cover (from 5 May 2023 to 10 July 2023) total charge under standard policy = £1,167.39.*
- *Total paid under policy on 4 May 2023 and 4 June 2023 = £515.74.*
- *Balance owed on cancellation = £660.16.*

From the information available to me, Admiral gave Mr B notice of the requirement to have the telematics box fitted in good time – and explained what would happen if it wasn't fitted within 30 days. As I have no evidence that Mr B or Miss K contacted Admiral within the 30 days to tell it why they couldn't meet the requirement to have the box fitted, I cannot say that Admiral acted unreasonably in removing the discount the telematics box policy provided after the 30 days had passed. It acted as it said it would under the policy terms.

From the call on 12 July 2023, it was agreed that Miss K would contact Admiral before 18 July 2023 – which by then it was expected that the claim would have been closed as a non-fault incident and a reduced cancellation balance would be due. I don't have any evidence to show that Miss K – or Mr B – contacted Admiral again until 4 August 2023. In any event, Admiral agreed to backdate the cancellation to 10 July 2023.

It's clear from the calls Miss K made that she wanted clarification of the balance of £557.71 Admiral said was due on cancellation when she called on 10 and 12 July 2023. I'm not satisfied that a reasonable explanation was given to Miss K. However, in response to their complaint, I think Admiral provided a clear explanation as to how the balance of £660.16 was owed on cancellation. Admiral said;

*“This is due to your missed payment for Julys Direct Debit, increase in premium as you did not fit the telematics unit to your vehicle as part of your contract agreement and a pro rata for days on cover till the cancellation of 10/07/2023.
The total premium for the time on cover used between 04/05/23 to 10/07/23 totals £1,175.90. However, the total payments made on the policy is £515.74 for the Direct Debits paid in May and June. Therefore, this leaves an outstanding amount of £660.16.”*

So, from the evidence available to me, I think overall Admiral has acted reasonably. I agree that it quoted different cancellation amounts to Miss K when she called. But Admiral correctly explained the options on cancellation until the open claim was settled. If it caused some delay in closing the claim, Mr B wasn't prejudiced by this delay as Admiral suspended any request for payment for seven days. Admiral backdated the cancellation to 10 July 2023 – when Miss K first contacted it to cancel the policy – and it waived its cancellation fee. It provided a breakdown of the cancellation fee on 8 August 2023 in response to the complaint.

I understand Mr B and Miss K will be disappointed with my decision. But this means I don't think Admiral is unreasonable to request the balance of £660.16 from Mr B. I think it is correctly due on cancellation of the policy.

My final decision

For the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 August 2024.

Geraldine Newbold
Ombudsman