

The complaint

Mr W complains that Admiral Insurance (Gibraltar) Limited have delayed in dealing with his claim, provided poor service, and have made deductions from his settlement.

What happened

In January 2023 Mr W had an accident.

Admiral took the car to their approved repairer but after examination Admiral said that they were unable to repair the car as it had modifications to the body and alloys and so they wouldn't be able to offer a warranty. They offered a cash in lieu settlement instead.

The settlement offer included deductions for the modifications, and also a £31 deduction for the addition of the modifications to the policy, and a £30 administration fee.

Mr W complained about the deductions and the handling of his claim. Admiral issued their final response on 23 May 2023 partially upholding the complaint. They issued Mr W with £240 compensation - comprising £150 for distress and inconvenience, £20 for phone calls and £70 for Mr W not having access to his car between 8 – 22 February 2023.

Mr W was unhappy with this and brought his complaint to us.

One of our investigators has looked into Mr W's complaint and he thought that Admiral shouldn't have made all of the deductions. He recommended that Admiral refund the deductions for the alloy wheels, and add 8% interest, reassess the administration charge, cover additional taxi costs and increase their compensation for distress and convenience to £350.

Admiral didn't agree with this, and so the case came to me to review.

I issued a provisional decision on the complaint. My provisional findings were as follows:

Although I'm minded to uphold the complaint, I've reached a different outcome to the investigator, and I will explain why.

Claim deductions

Admiral's engineer has reported that there were modifications to the body of the car, and that the alloy wheels weren't standard.

Mr W has complained that deductions were made from the settlement for these modifications, but that he was unaware of the modifications when he bought the car and so didn't declare them on his insurance. He also says that the alloy wheels are the standard factory fitted ones, not a modification.

I haven't seen any evidence that the body modifications are standard, and I understand that is accepted. I would expect an insurer to make a deduction for any undeclared modification,

and in this case, I understand that the replacement part – the splitter – has been deducted from the settlement, which I consider is fair.

In respect of alloy wheels, the approved repairers report provided by Admiral confirms in the “vehicle model options” section that this model of car would have been fitted with 8.5JJ x18AL which was a standard option on this car from April 2009. They have included an amount in the approved repairer settlement breakdown of £341.74 for this type of alloy wheel (part number 4250A689), and £266.17 for the wheel hub (part number 3880A018).

Mr W has provided us with the brochure for the car, and also with some information from the manufacturer.

The manufacturer’s brochure shows that the car includes as standard 18” alloy wheels, Enkei 12-spoke. The manufacturer has confirmed, using the VIN number, that the alloys fitted to the vehicle at the point of manufacture were Enkei 18” x8.5 J alloys – which are part number 4250A689 with a cost of £341.74 plus VAT.

And so looking at the information from both parties, I can see that Admiral have included in the settlement an amount for replacement of the same alloy wheel that Mr W has himself evidenced as the standard one fitted by the manufacturer – and the price quoted in the settlement is the same as the figure that the manufacturer has quoted to Mr W. So I’m satisfied that the correct amount is being offered for replacing the damaged wheel with a new one, and there is nothing further for Admiral to do here.

I think the confusion has arisen here because the wheels on the car at the time of the accident are not the factory fitted ones – but they are very similar. The original ones would have been Enkei 12 spoke 18”x8.5 J alloys, but the ones shown on the pictures of the car at the time of the accident are Enkei RPF1 alloy wheels, which have a 2x6 multi spoke design rather than a 12 spoke design. So it’s likely that they were changed after first purchase, but before Mr W bought the car.

So, while I’m satisfied that Mr W wasn’t aware of this when he purchased the car, I’m also satisfied that Admiral have fairly charged for an amendment to the policy to include the modifications, and the associated administration fee.

Claim handling and poor service

It is accepted by Admiral that the general level of service Mr W received for the claim was below the standards our service would expect to see. Communication was poor and updates were lacking.

The explanation provided to Mr W of why they were offering a cash in lieu settlement was not clear, confusing correspondence was issued to Mr W and when he queried it, no clear explanation was given, and delays in the issuing of the right information led to delays in cancelling his car tax and getting a pro rata refund.

Taking all of this into account, I agree with the investigator that an increase in the award for distress and inconvenience is appropriate, and I think that £350 more fairly represents this.

Taxi fares

Mr W was given a hire car from 22 February to 9 March, but he wasn’t entitled to a courtesy car after that because the terms of the policy only allow for a courtesy car if the policyholder’s car is being repaired.

As a result, Mr W was incurring taxi fares to work and back each day from 9 March 2023 at £14 per day.

Although the cash in lieu offer was first made on 9 March 2023, as a result of the poor communication and delays outlined above, the payment wasn't made until 28 April 2023. Following that, Mr W's car should have been transferred to his own repairer, but again there was a delay and this didn't happen until 5 May 2023. So I think it would be fair for Admiral to meet some of the costs incurred by Mr W during that time for his travel, as he was unable to progress the repairs of his own car due to Admiral's poor service.

After 5 May Mr W was in possession of both the vehicle and the cash settlement, and so I can't fairly say that the taxi fares should continue to be paid, even though I appreciate that Mr W was still incurring them, because he was then able to get the car repaired. I know that further issues have arisen since the car was moved to the repairers, but I'm only able to look at the issues until 23 May, and I understand that Mr W is making a separate complaint about issues after this date.

What I've decided - and why

I've re-considered all the available evidence and taken into account the comments made by both sides to decide what's fair and reasonable in the circumstances of this complaint. Both Mr W and Admiral have responded.

Admiral have accepted my decision. Mr W has raised that he wasn't told that the reason for the cash in lieu settlement was that Admiral were unable to warranty the repairs, and that he would have been happy for them to undertake the repairs apart from the skirt and alloys. Whilst I accept that Mr W may not have been aware of it, and so the communication could have been better, it is still a valid reason for Admiral to offer a cash in lieu settlement, and it doesn't change the decision I have come to.

I also accept that Mr W would not have necessarily been aware that the alloys were modifications as the car was manufactured with alloys, just not the ones that were on it at the time of the accident. However, this again doesn't change the outcome here, and so I'm making my final decision in line with my provisional findings.

Putting things right

To put things right Admiral should:

- Pay a further £110 compensation to Mr W making the total award for distress and inconvenience £350
- Reimburse Mr W's taxi fares to work and back for the period 9 March 2023 to 5 May 2023.

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.

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My final decision

My final decision is I am upholding Mr W's complaint about Admiral Insurance (Gibraltar) Limited and direct them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 April 2024.

Joanne Ward
Ombudsman