

The complaint

Mr B and P, a limited company of which Mr B is a director, have complained about Admiral Insurance (Gibraltar) Limited. Admiral insures a car P owns, with Mr B being the policyholder named on the insurance documents for that car.

What happened

On 19 October 2023 Mr B changed, on-line, his direct debit details for premium payments to Admiral. His next payment had been due to be taken on 22 October 2023. He called Admiral that same day.

During the call Mr B confirmed he had changed his direct debit payment on-line. He asked for a named driver to be removed from the cover. Also for his correspondence preference to be changed from letter to email – but the advisor told Mr B to just look at any new policy documents on-line, she didn't change the preference. Having taken off the named driver, the advisor confirmed what Mr B's remaining payments would be – that the next one would occur on 22 November 2023.

On 27 November 2023 Mr B had an accident. Admiral sent a recovery vehicle to collect the van. But when Mr B spoke to Admiral the next day he was told his policy had been cancelled on 19 November 2023 because the October payment had not been paid. Admiral said if he paid everything now, it could look to reinstate the policy. Mr B paid everything but Admiral said it couldn't reinstate the cover because of the accident. Mr B felt that was unfair because it had known about the accident before suggesting reinstatement. He was also unhappy that Admiral had marked his credit report to show a payment had been missed – he didn't think that was true because he'd been told on 19 October that the next due payment was 22 November 2023, with the policy being cancelled before that.

Mr B subsequently faced court action for driving whilst uninsured. He was approached by the third-party for settlement and the recovery company threatened to crush the van. Mr B also arranged hire vans to keep mobile so P's business could continue. He's explained he's been unable to pay credit cards and a loan at times as a result, which has further affected his credit record. Mr B complained to the Financial Ombudsman Service.

Our Investigator felt Admiral had likely misinformed Mr B during the call on 19 October 2023, which had directly caused the payment on 22 October to be missed. He noted that Admiral had tried to contact Mr B about the cancellation but only by letter. He felt it should have tried another contact method as well, such as email. He said Admiral should reinstate the policy and consider the claim, along with any costs incurred. He later said that Admiral should also pay Mr B £750 compensation.

Admiral said it would agree to the findings. Mr B said £750 compensation was not enough given everything he'd been through. He said it's going to be a real struggle to correct his credit record – and it would never have been impacted like this if he hadn't had to hire vans to mitigate the effects of Admiral's failures. He explained that this had caused a lot of worry.

The complaint was referred for an Ombudsman's decision.

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.

Having considered this, I think Admiral failed Mr B. Like our Investigator I think Admiral could have avoided the payment from being missed altogether if its advisor had spotted that Mr B had changed direct debit details at a time when the next payment, due on 22 October 2023 had already been called for, from the old and now incorrect account details. That's something I'd have expected a reasonably capable advisor of noting and acting to correct by asking Mr B to make a payment for October over the phone.

That didn't happen though. Rather Admiral compounded the problem by giving Mr B incorrect information – that the next payment due was on 22 November 2023. Which caused the 22 October 2023 payment to be missed entirely and left the policy open for cancellation. With Admiral then compounding this unfortunate situation, which was of its own making, still further by only writing to Mr B to inform him of the cancellation. Cancelling a policy is such a crucial act which can have such significant consequences for a driver that we would expect an insurer to inform a policyholder by at least two methods. Admiral didn't do that here. And I think it's of interest that Mr B had even asked to change his preferred method of contact from letter to email but this had been refused by Admiral's advisor.

I think if Admiral had explained during the call on 19 October 2023 about the October payment, Mr B would have paid it there and then. Or if Admiral had emailed Mr B once that payment was missed, I think he'd have paid it and avoided the pending cancellation. I'm satisfied then that the policy was cancelled only because of Admiral's failures. Which, in my view, was unfair.

Clearly Mr B has been through a lot because of the cancellation. He has a claim for his own and third-party damage which needs considering – as part of that Admiral will have to look at the storage charges Mr B is being asked to pay and act swiftly to try and avoid the van being destroyed. I hope that can be avoided – but it's too premature for me to say here what Admiral will reasonably have to do if that isn't possible. With Admiral reinstating the policy if Mr B requires it to.

There's Mr B's hire costs too. Mr B acted to mitigate P's situation by hiring vans. I think that was reasonable. So Admiral will need to consider his cost and reimburse his outlay, adding interest to any payment made from the date of payment until settlement is made. Clearly having that type of on-going outlay for hiring a van was stressful for Mr B – but I can't reasonably blame Admiral for the consequences of his choice to prioritise paying for the hire van over credit card and loan payments. In terms of compensation, the consequences of failures have to be reasonably foreseeable. I think it's fair to say that Admiral should have been able to foresee that its failures would likely increase financial pressures to some extent. But I don't think it's fair to say it should reasonably have thought its failures would cause important payment plans to not be honoured. I'm not persuaded that the significant impact on Mr B's credit rating is something I can reasonably blame Admiral for.

However, Mr B and P have otherwise suffered significantly because of Admiral's failures. The third-party claim has not been dealt with – meaning the third-party has chased Mr B for liability. Mr B, as I've noted above, has been threatened with the van being destroyed due to unpaid storage charges. Mr B has also been charged by the police for driving without insurance – which should be resolved by the policy's reinstatement, and Admiral can also provide a letter to confirm the policy was cancelled unfairly by it following improper notice being given. But all of that was stressful and worrying for Mr B. With Mr B's time being spent

on all these matters also causing inconvenience for P. Having taken everything into account I'm satisfied that £750 compensation is fairly and reasonably due.

Putting things right

I require Admiral to:

- Reinstatement the policy, if required by Mr B.
- In any event, consider the claim for Mr B and any third-party, in line with the terms and conditions of the policy, also acting quickly regarding storage charges to try and avoid destruction of the van by the recovery company.
- Consider costs incurred for hire, reimbursing any outlay plus interest* applied from the date each reimbursed sum was paid until settlement is made.
- Write a letter to confirm the policy was cancelled unfairly following improper notice being given by it.
- Pay £750 compensation.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Admiral to take off tax from this interest. If asked, it must give Mr B a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask P and Mr B to accept or reject my decision before 15 May 2024.

Fiona Robinson
Ombudsman