

The complaint

Mr and Mrs D have complained that Admiral Insurance (Gibraltar) Limited unfairly recorded two fault claims plus took two excesses when both their cars insured under a multicar policy perished in a fire. They have also complained that it's unreasonable that Admiral won't cover the damage to the driveway from the fire and that they must make a claim under their house insurance for that.

Although this complaint is brought by both Mr and Mrs D as Mr D is the policy administrator, I shall just refer to Mr D throughout for ease of reference.

What happened

Mr D insured two cars under his multicar policy. I shall call one car G and the other F to distinguish between them. Sadly, on 23 February 2024, car G caught fire when it was being started and went up in flames. As car F was parked beside it in the driveway, it also caught fire. Both cars were completely burnt out.

So, Mr D made a claim for the total loss of both cars to Admiral. On investigating the claims Admiral established there was nothing manufacturing wise wrong with car G. So as both cars held their own insurance certificate showing the cover under the multicar policy, Admiral said each claim was a fault claim and each claim had an excess payable.

Mr D said this was harsh. As both cars went on fire due to no one's fault, least of all his. However, the only reason car F was destroyed was due to car G going on fire so why was the claim for car F also a fault claim. Why didn't the cover for car G pay the claim for car F. That would have meant only one fault claim being recorded instead of two and only one excess payable too.

Admiral explained that since no one else (as in a third party or other driver) was responsible for the damage to either car, there was no other entity for it to claim from, so the claim for each car had to be recorded as a fault claim in those circumstances. So, it didn't think it had done anything wrong.

Mr D remained dissatisfied and brought his complaint to us. The investigator was also of the view that Admiral hadn't done anything wrong. Therefore, he didn't recommend the complaint should be upheld.

Mr D disagreed so his complaint has been passed to me 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.

Having done so I'm not upholding this complaint. I'll now explain why.

First, I do understand and appreciate Mr D will be very disappointed with my decision. Secondly, I also want to reassure Mr D that I can certainly understand what a dreadful experience it must have been to have both cars go up in flames like this and effectively then have to make three claims, two to Admiral plus one to his house insurers.

However, my role is to assess if Admiral did anything wrong here and it didn't. Essentially because both cars are owned by Mr D and there was no intervening party (like car G's manufacturer) who was negligent in causing car G to go up in flames, there is no one for Admiral to pin the liability of causing the fire on anyone else. Mr D or someone else in the family permitted by him as the policy administrator parked both cars together on the driveway. That's a perfectly reasonable thing to do when living in a multicar household as so many of us do these days. So, there was nothing wrong with that either. As both cars are owned and insured by Mr D with Admiral, he can't claim from himself in law, via an insurance policy. Both cars had separate cover under the same multicar policy. I believe if Mr D had insured each car separately with a different insurer for each, it's extremely likely he also would have had two fault claims and two excesses to pay too.

Insurers including Admiral are entitled to decide what additional risks might have an effect on the actuarial calculation of the risk insured. Their regulator the Financial Conduct Authority (FCA) permits this as part of their commercial discretion.

For example, the motor insurance industry across the board don't rate that a windscreen claim should affect any policyholder's insurance record.

Some insurers (but not all) won't penalise a policyholder if the accident and therefore the claim was caused by an uninsured driver who can actually be identified. However, in those cases if it was a hit and run driver for example, where the identity of the other driver isn't known, the uninsured driver's promise generally doesn't come into effect, so offers no claims protection to the policyholder.

In the large airport car park fire which Mr D mentioned, I understand each car owner's insurer paid for their policyholder's loss or damage of their own car too. So, each of those policyholder's had potentially a fault claim too, although I understand some insurers decided to waive it, but others didn't. And the liability aspect of the incident isn't yet fully established as I understand it as the decisions on that aspect relating to the construction of the carpark aren't yet finalised. So, it's not comparable to Mr D's unfortunate situation.

Working through another scenario if Mrs D owned and insured one car, say car F, separately with another insurer altogether. Her insurer would have to show that Mr D and owner of car G was negligent in causing the damage from the fire to car F. But as Mr D or indeed his car's G manufacturers weren't negligent at all, the claim against Mr D's policy wouldn't succeed so there would be nothing wrong in Mrs D's insurer saying her claim for the loss of her car F shouldn't be a fault claim.

So essentially as there is nothing in Mr D's policy with Admiral covering both cars to say in the unfortunate circumstances Mr D has found himself that only one claim would be recorded as fault, there is nothing to show me that Admiral has done anything wrong in recording both claims as fault claims and attracting both excesses to be paid.

Furthermore, as there is no negligence established against Mr D and car G, there is no reason for Admiral to cover the fire damage to Mr D's driveway either. That essentially is something his house insurers need to deal with.

Motor policies insure the policyholder for the damage to their car or at worst the market value of the car. So obviously if the policyholder accidentally went into a lamp post he was driving negligently so his claim for the repair of the damage to his car is obviously a fault claim. However, the owners of the lamp post might claim on that driver's motor policy because that driver was driving negligently. Motor policies also provide indemnity in the case where the policy was negligent and therefore causing the accident or incident. Conversely if car F wasn't in the driveway at the time car G went on fire, Mr D would have to make a claim for the damage to car G plus he would have to ask his house insurers to repair his driveway. As Mr D didn't cause his car G to go up in flames his house insurer wouldn't be able to claim from his motor policy.

So, in conclusion there is nothing to show me that Admiral had done anything wrong here. The essential issue missing from Mr D's thoughts on the matter is the concept of negligence and the liability flowing from that. Once that is brought into all the varying differing types of scenarios it makes it clearer to see why Admiral has not done anything wrong. As there was no negligence from anyone which started the fire in car G and since Mr D is permitted to claim the loss from Admiral for the value of both cars which were insured then sadly both claims are fault claims with the relevant excesses payable.

My final decision

So, for all these reasons, it's my final decision that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and X to accept or reject my decision before 7 August 2024.

Rona Doyle
Ombudsman