

The complaint

Mr C has complained about a financial loss he feels he suffered on account of delays caused by his car insurer Admiral Insurance (Gibraltar) Limited.

What happened

Mr C owned a sports car. He bought another but it had a long lead time for delivery. His intention was to sell his original car when the new one arrived. But just a few weeks before that date Mr C had an accident in the car he was about to sell. That was just before Christmas 2022.

Having made a claim to Admiral, Mr C's car was taken to be assessed and repaired. It was 20 June 2023 before Admiral returned the car to Mr C.

Mr C felt Admiral had delayed the claim. He noted the car had been in a storage yard for several weeks in late December 2022 and early January 2023. He felt the repairs could have been moved along more quickly. He believed that if they had he could have got his car back sooner for selling. As it was, he noted that in selling it in June 2023, just a week after he got it back, the price was much lower than he'd have achieved but for the accident and repairs. He acknowledged that any impact due to the accident and the need for repair wasn't something Admiral was liable for – but he felt the delays it had caused, which had extended the repair period, had left him vulnerable to some diminution in value.

Admiral acknowledged it had been responsible for some avoidable delay. It felt a payment of compensation was reasonable to cover that as it couldn't fairly be said that its actions had likely caused a loss in value. Mr C complained to the Financial Ombudsman Service in respect of the loss of value he felt Admiral had caused.

Our Investigator acknowledged that the claim had encountered some unavoidable delays. But she felt Admiral had also caused some delays which were avoidable. She felt that, but for those avoidable delays, Mr C would have had his car back with him in March 2023. Our Investigator took note of the method by which Mr C had sold his car – and established what price he would likely have achieved via that same method if he'd had the car available for sale in March 2023. She said Admiral should pay the difference between the sale price he did achieve and the sum she'd found, totalling £7,639, plus interest.

Mr C did not object to our Investigator's findings. Admiral said it didn't agree with them.

Admiral said it might offer more compensation for upset to account for its delays, of about eight weeks. But it felt that establishing exactly when the car should have been returned was impossible – so it wasn't fair to say its delays had likely caused a financial loss to Mr C. It also felt he might have achieved a higher sale price for his car if he'd utilised other sales methods. So it felt it wasn't fair to blame it for a lower than possibly attainable price being achieved. Admiral also said it felt that making it compensate for loss in value would set a dangerous precedent for other delayed claims which result in complaints to this service.

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.

As Admiral is aware, this service will require insurers, where they cause delays, to compensate policyholders, not just for the upset they suffer due to those delays, but also for financial losses they incur. Mr C hasn't asked us to consider the upset he was caused – and he notes that this was limited by his fortunate circumstances whereby his new car was delivered shortly after the accident subject of this claim. His worry and complaint focus on his financial loss in not being able to sell the car.

I accept that when the accident occurred, Mr C was about to sell his car. That but for the accident and the need for repairs, the car would have been sold in late December 2022/early January 2023. I also accept, and so does Mr C, that his inability to sell the car at that point was not due to any failure of Admiral, rather it was a natural consequence of the accident and claim.

Mr C though was entitled to expect the claim to be resolved in a reasonable period by Admiral. Where 'reasonable' means without it causing any avoidable delays. And if that had occurred I'm satisfied that Mr C would have sold the car within a very short period of getting it back. I can be confident of that because that is exactly what he did in June 2023. And he'd already got his new car shortly after the accident had happened; he didn't intend to keep both for any period of time.

Admiral has accepted it did not settle the claim in a reasonable period because it caused avoidable delays. It has recently accepted that it was responsible for at least eight weeks of delay. Which in itself says that Mr C should have had his car back by around mid-April 2023. With our Investigator determining that there had likely been three months of delay – that the car should have been returned around 20 March 2023.

I think some pause in the claim during to the Christmas period was reasonable. But I've seen no good reason why the car remained in storage after the new year and until nearly the end of January. I note Admiral's apologised for delays at this time. I see Admiral wanted an engineer to inspect the car. That is understandable. But I note this wasn't arranged until the end of February 2023. It's not clear from what Admiral has provided when that inspection occurred – but it only asked the garage for an update at the end of March 2023 – with parts only being ordered around that same time. Admiral's claim notes show that it did not then follow up with the garage after this point, and nor did it update Mr C, even when he asked it what was happening with the repairs.

Having considered what did happen, I'm satisfied it's reasonable to say that the car should have been booked in with an engineer appointed early in January 2023, with the parts being ordered shortly thereafter. In the circumstances, I think it's reasonable to say that if Admiral had managed the claim better in these early months, with these avoidable delays being mitigated, Mr C could fairly have expected to receive his car back in March 2023. It's only reasonable then to compensate Mr C for any financial loss he's been caused as a result.

Mr C sold his car via a particular website. Our Investigator established that the price he sold it for matched the market value given by a particular motor valuation guide this service has access to. She said that match was likely because that site used that valuation guide to determine the price it would buy Mr C's car for. I think that's a reasonable conclusion. She then consulted that same guide to determine what that website would likely have paid Mr C for his car, had he sold it to it in March 2023. That figure was £70,800 – £7,639 more than

the actual sale price achieved by this method in June 2023 (£63,161). I think it's fair to view that sum of £7,639 as a financial loss caused to Mr C by Admiral's failure to resolve his claim in a reasonable time.

To be clear for Admiral – this is not a precedent set for any claims which feature delay. It is an assessment of what needs to be done in the specific circumstances of Mr C's complaint as explained above. And whilst Admiral has raised the issue that Mr C might have achieved more if he'd sold the car elsewhere, it was always up to Mr C to choose how he wanted to sell his car. Importantly, Admiral has not suffered because of how Mr C sold his car. Rather our redress has taken that method into account and determined what would likely have happened if that same method was used three months earlier ie what sale price would likely have been achieved but for Admiral's avoidable delays.

Putting things right

I require Admiral to pay Mr C:

- £7,639, plus interest* applied on that sum from 20 March 2023 until settlement is made.

*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 C 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 in "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 August 2024.

Fiona Robinson
Ombudsman