

The complaint

Ms S complains about Admiral Insurance (Gibraltar) Limited (“AIL”) and the way they handled the claim she made on her motor insurance policy.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, in February 2023, Ms S made a claim on her motor insurance policy, underwritten by AIL, after her car was damaged.

Initially, Ms S and AIL thought the car could be repaired. But at the end of March, it was deemed a total loss and so, AIL offered Ms S a cash settlement based on the car’s pre-accident valuation. Ms S accepted this valuation, and payment was raised by cheque after AIL’s failed attempts to obtain Ms S’ bank details. The cheque was cashed shortly after it was sent.

But Ms S says she didn’t receive the cheque. And she was unhappy about the length of time the claim took to process, and the travel costs she incurred because of this, so she raised a complaint.

AIL responded to Ms S’ complaint and upheld it in part. They were satisfied they sent Ms S’ cheque to the address they held on file and so, they didn’t think they were responsible for any issues in Ms S’ receiving it, considering it had been cashed in her name. And they thought Ms S received a replacement hire car for the time she was entitled to under her policy. So, they didn’t think they needed to do anything more regarding the above.

But they accepted they could’ve made Ms S aware a cheque was on the way to her. And they recognised they failed to respond to Ms S’ complaint in the required amount of time. So, they issued Ms S with a cheque for £100 to recognise the above. Ms S remained unhappy with this response, so she asked our service to continue with our investigation.

Our investigator looked into the complaint and upheld it. They thought AIL had caused avoidable delays during the claim process, which meant Ms S’ car took longer to be deemed a total loss than it should’ve. So, they thought AIL should honour an agreement put to Ms S on 22 February 2023 to cover the travel costs she incurred from this date, up to the date her settlement offer was put forward and a hire car provided. And to recognise these delays, and the delays in raising payment, they thought AIL should increase their compensatory offer from £100 to £350 in total. But crucially, they didn’t think AIL had done anything wrong when sending the payment by cheque or refusing to reissue it considering they were able to evidence it had been cashed.

AIL accepted these recommendations. But Ms S didn’t. She maintained her belief that it was unreasonable for AIL to send a cheque containing a significant sum without it requiring a signature, especially considering she lived in a flat. Ms S also supplied a letter from her bank, dated 4 August 2024, which confirmed her bank hadn’t received the settlement sum, suggesting it may have been cashed fraudulently and recommending that AIL raise a payment trace. Ms S has confirmed AIL have since confirmed they will raise this trace. As

Ms S didn't agree, the complaint has been passed to me for a 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 done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on Ms S. I don't dispute her testimony regarding the settlement fee she is entitled to for the value of her car, and the fact she hasn't received it. So, considering the length of time it's been since Ms S made her claim with AIL, I can understand why she'd feel unfairly treated and choose to complain.

But I think it's important for me to set out clearly what I'm able to consider within this decision. Under the rules set by the industry regulator, our service is only able to consider complaints and events that have been raised with a business and handled within their own complaint process. So, in this situation, I will only be considering the complaints and events up to December 2023, when AIL issued their complaint response.

And when considering the decisions AIL made, and the actions they took, I will be thinking about the information and evidence AIL had available to them at the time. This means that any additional evidence that's come to light since their complaint response, including the letter Ms S has provided from her bank, haven't impacted the decision I've reached on this occasion.

I note AIL have accepted the recommendations made by our investigator. Because of this, I think it's reasonable for me to assume AIL have accepted there were avoidable delays during the claim process. And that they were unfair to say they would cover Ms S' travel costs, before taking back this offer. So, I don't think these complaint issues are in dispute and I don't intend to discuss the merits of them in any further detail. Instead, I will discuss them later within the decision when deciding what I think AIL should do to put things right.

I've then turned to the main complaint point that does remain in dispute, which centres around the settlement payment issued to Ms S by cheque.

I want to make it clear to Ms S that I've seen evidence from AIL that satisfies me they did issue the cheque to the correct address, which she has confirmed is her home address with our service. And alongside this, I've seen evidence that confirms this cheque was cashed in August 2023.

I note Ms S says it wasn't her who cashed the cheque, as she didn't receive it, which I don't intend this decision to in any way dispute. But crucially, I don't think this means AIL did anything wrong here. Especially as I can see from AIL's case notes they did call Ms S on several occasions to try obtain her bank details, speaking to her on one occasion where this request was made clear. So, I think Ms S had the chance to provide these and didn't.

In line with our services and standard industry approach, businesses such as AIL are within their rights to issue settlement payments by cheque. And I think it was fair for AIL to do so here, to ensure Ms S received her payment without any further delays. And when doing so, there is no requirement for them to do so by recorded, or signed for, delivery. So, while I recognise Ms S' comments around this, I'm unable to say they failed to act fairly here.

Should Ms S remain unhappy about industry requirements when sending cheques, this is something she would need to direct to the industry regulator, the Financial Conduct Authority.

So, crucially, as the cheque was sent to the right address, I think AIL did everything I would expect them to do to ensure Ms S received it. I can't see Ms S ever made AIL aware there was a risk when sending correspondence to her in this way and so, I think they were fair to deem post as a valid method of correspondence.

Further to this, as their systems showed the cheque was cashed around the time Ms S disputed she had received the cheque, and raised her complaint, I don't think AIL were presented with any persuasive evidence at that time that should've led them to take further action, such as reissue the cheque or undertake further enquiries.

So, while I don't in any way want to discredit or take away from Ms S' lived experience and the financial implications of her not receiving the cheque personally, I don't think I can say this has resulted from something AIL has done wrong and so, I don't think they need to do anything more for this aspect of the complaint.

But I am glad to see that more recently, AIL have agreed to conduct a payment trace following Ms S providing evidence from her bank. As this evidence, and this agreement, has happened after AIL's complaint response, any issue Ms S has regarding this would need to be raised with AIL, and investigated by our service, separately.

I've then turned to what I think AIL should do to put things right regarding the delays Ms S encountered during the claim process.

Putting things right

When thinking about what AIL should do to put things right, any award or direction I make is intended to place Ms S back in the position she would've been in, had AIL acted fairly in the first place.

In this situation, had AIL acted fairly, I think they would've ensured Ms S' car was inspected, and so deemed a total loss, quicker. And this would've ensured she was issued her settlement fee sooner, as well as invoking her right to a hire car for 28 days under the additional cover included within her policy.

I can see AIL initially offered to cover Ms S' travel costs from 22 February 2023, but later chose to withdraw this. As this offer was put to Ms S, and considering the above, I think AIL should cover the costs of Ms S' travel, subject to the production of satisfactory invoices and receipts, from 22 February 2023 to the date settlement was offered to Ms S.

But I don't think any costs after this should be considered, as Ms S has confirmed she did receive a hire car for the period her policy provided. And from what I've seen, she received an additional two weeks as a gesture of goodwill, and I've considered this when deciding the overall actions AIL should take.

I note our investigator also recommended AIL pay Ms S a further £250 compensation, taking the total compensatory amount to £350 overall. I also note AIL accepted this recommendation and having considered it, I think it falls in line with our services approach and what I would've directed, had it not already been put forward.

I think it recognises the delays AIL caused when arranging an inspection for Ms S' car. And then, the delays in them contacting her to arrange payment of the settlement fee. But I think it also fairly reflects the fact that not all of the delays incurred throughout the life of the claim were AIL's responsibility. And, that I've seen no evidence to show Ms S chased AIL for payment despite knowing one was due. So, I've had to factor this into the impact caused to Ms S overall.

So, because of all the above, I'm directing AIL to pay Ms S an additional payment of £250, taking the total compensatory amount to £350 to recognise the distress and inconvenience caused to her. I also want to make it clear this direction is made on the assumption Ms S received, and cashed, the previous compensatory cheque of £100. If Ms S can show this isn't the case, I'd expect AIL to ensure this payment is re-raised so Ms S receives £350 overall.

My final decision

For the reasons outlined above, I uphold Ms S' complaint about Admiral Insurance (Gibraltar) Limited and I direct them to take the following action:

- Reimburse Ms S the travel costs she incurred from 22 February 2023 to the date of settlement offer upon receipt of satisfactory evidence such as invoices and receipts; and
- Pay Ms S an additional £250 compensatory payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 11 September 2024.

Josh Haskey
Ombudsman