

The complaint

Mr N complains about how Admiral Insurance (Gibraltar) Limited (“Admiral”) handled a claim under his motor insurance policy.

What happened

Mr N had a motor insurance policy with Admiral covering his car.

In December 2023 his car was damaged when a third party collided with it. He contacted Admiral and made a claim. This complaint will deal with the tyres of his car.

Admiral inspected his car and its engineer initially said two wheels and tyres had been damaged by the collision. Admiral’s approved repairer said all four tyres would need to be replaced. It told Mr N it couldn’t release the car to him without all four tyres being done.

Mr N said he thought all four wheels and tyres had been damaged in the collision. Admiral agreed all four wheels would be repaired or replaced by it.

Admiral offered Mr N to pay part of the costs of replacing the tyres, or it would give him money towards a replacement organised by him. It said the car’s manufacturer had issued guidelines about the tread amount.

But it said he’d need to pay 50% of the cost of the new tyres as they were about 50% worn at the time of the collision. It told Mr N this cost would be about £370.

Mr N had made a complaint. Admiral apologised, offered him £94.95 towards the cost of the tyres, and paid him £200 for its poor service.

But when Mr N went to the repairer, it charged him £518.62.

As Mr N remained unhappy he brought his complaint to this service. He asks that Admiral pays for his tyres. He also says he’s lost a considerable amount of earnings due to the time he lost making his claim.

Our investigator looked into his complaint and thought it would be upheld. He said Admiral should pay Mr N the whole cost of the tyres. He also said he thought Admiral’s payment of £200 compensation was in line with this service’s recommendations.

Admiral didn’t agree with the view. Because it didn’t agree, this complaint has been passed to me for a final 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 read the file of evidence, I’m upholding this complaint.

It seems to me that Admiral has provided Mr N with a great deal of poor information throughout his claim which has caused him confusion. There's little clarity in Admiral's claims file about exactly why Mr N was being required to pay 50% of the cost of the four tyres – whether that was because Admiral initially thought just two were damaged, or because they were 50% worn.

But I can see from the file that Admiral accepted all four tyres and wheels were damaged in the initial collision and subsequent kerb hit. So it follows that it needs to repair or replace the four tyres under the terms of its policy.

However, under the terms of its policy there is this section of wording:

“Your settlement may be reduced, or you may be asked to contribute toward the repair cost, if the parts being replaced were already worn or damaged.”

This type of wording is common in motor insurance policies. It's often referred to as a contribution clause, and what it means is that Admiral is allowed, at its discretion, to apply charges to Mr N's claim. In other words, he'd be asked to make a contribution towards his claim due to the wear on the tyres effectively meaning they were a certain proportion through their life.

But although this type of clause is common, I don't think it's fair Admiral uses it here. Clauses like this can be typically applied when parts are close to being worn out, but as I say above this is also at Admiral's discretion.

Mr N's four tyres showed 5mm tread depth against the legal minimum of 1.6mm (new being about 9mm). So it seems to me that his tyres weren't close to being worn out. I also note that Admiral hasn't applied this clause to the rest of the repairs carried out to Mr N's car.

It follows that I think this term is fairly included in Admiral's wording, but I don't think the application of it is fair in Mr N's case.

In other words, by asking Mr N for a contribution it is technically able to do, it leads to Mr N having to pay a large amount towards his claim that leads to an outcome I think is unfair and unreasonable.

Mr N has sent this service a bank statement showing he paid £518.62 to Admiral's repairer (after deduction of his excess) and I can see Admiral has already paid him £94.95 towards the cost of the tyres. So it follows it now needs to pay him £423.67 for the rest.

I know Mr N has asked for further compensation due to his lost earnings, but I can't see evidence of this so I can't consider it further here. I've considered Admiral's offer of £200 compensation to Mr N due to its poor service, and I think this amount is fair and in line with this service's recommendations.

My final decision

My final decision is that I uphold this complaint. I direct Admiral Insurance (Gibraltar) Limited to pay Mr N £423.67 in respect of his tyre replacement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 27 September 2024.

Richard Sowden

Ombudsman