

The complaint

Mr P's complaint is about Admiral Insurance (Gibraltar) Limited's handling of a claim made under a home insurance policy he holds jointly with Mrs S.

All references to Admiral include its appointed agents.

What happened

The circumstances of this complaint are well known to both parties and have been summarised by our investigator, so I won't repeat them again here. Instead, I'll focus on giving the reasons for my 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.

- Admiral has gone to some effort to resolve the matters raised by Mr P – including compensating them £2050 for the distress and inconvenience caused. Having reviewed the compensation offered I agree that this is a fair and reasonable amount in the circumstances.
- So, what I'm focusing on below is the matter of the cash settlement for the outstanding repairs, which appears to be the only matter remaining in dispute. I'll set out my thoughts below and what I believe would be a fair and pragmatic way to resolve this issue between the parties.
- My understanding is that Admiral isn't offering its own contractors to do the work, and in any event, it appears the relationship between Mr P and the previous contractors has broken down. So, in this case, our service's general approach is that if Admiral wishes to cash settle instead, then it must be at *reasonable cost* to the consumers. In other words, the amount paid should be enough to put them back in the position they were in before the loss occurred.
- Following Admiral's settlement offer of £23,551.19 (exc. VAT) on 2 December 2020, Mr P was told that if he was unhappy with the cash settlement, he should provide two quotes for Admiral's consideration. Mr P did so, and the quotes were in the region of c.£50k to £60k.
- I accept Admiral has some concerns about the quotes provided. Essentially it says they are unreasonable, including excessive costs for decoration and tiling. And I think these comments here do carry some weight. But on the other hand, I've not seen anything to show Mr P can get the works done for the amount that's currently been offered as a settlement.
- I also understand Admiral's concerns over a third quote being provided by Mr P. Although I do note that Admiral was considering a third independent option from its

surveyor in order to validate the costs, I have to agree with our investigator that the crux of the issue here is about what it will cost Mr P to *actually* get the work done. So, unless there's a way that Admiral can factor Mr P's costs directly into its own scope, I don't see what this would achieve here.

- But given the current position between the parties is so significant, I think that a further *independent* validation of those repair costs is required to reach a fair and reasonable outcome for *both* sides.
- I reached out to both parties to mediate a way forward on the claim. I proposed in order to bring this claim to a conclusion and ensure that Mr P is indemnified that Admiral:
 - Jointly appoint an independent contractor with a remit to carry out a review of the schedule of works and provide a quotation for what it would cost them to repair the property. The contractor can review any information that either party would like them to. Admiral and Mr P then both agree to be bound by the contractor's costs and allow them to do the repairs.
 - Admiral can offer Mr P a choice of three contractors and he can choose from one of those three.
 - If the costs of the contractor are greater than the settlement already paid to Mr P, then Admiral agrees to pay the difference of the independent contractor's costs directly to the contractor (including any costs for VAT if Mr P/the contractor provide sufficient evidence that VAT has been charged/paid).
- The alternative here, as our investigator recommended, is for Mr P to get a third quote for the repairs. But this will likely take more time and Admiral would be entitled to review this and raise any further concerns about the overall costs.
- For this reason, I believe the solution proposed above is the most pragmatic for both parties in the circumstances, as it will also allow the repairs to be done as soon as practically possible after the costs have been agreed and the claim to be finalised.
- Admiral agreed with my proposal and said it would be happy to arrange a contractor to complete a third scope of repairs and that it may be assisted by a quantity surveyor to ensure an accurate reflection of the costs.
- Mr P disagreed and said that he didn't want to be part of any settlement where Admiral was still involved, and that he would rather get a further quote.
- Having reconsidered everything, I remain persuaded that my proposed redress represents the fairest way to resolve this complaint for *both* parties. I don't think it's reasonable for Admiral to have no say in the overall repair costs when the amounts are so significantly different. So, I will direct Admiral to put things right by doing what I've set out above.

- Mr P is free to reject my decision if he wishes to pursue a different course of action.

Putting things right

In order to put things right for Mr P and Mrs S, Admiral must:

- Jointly appoint an independent contractor with a remit to carry out a review of the schedule of works and provide a quotation for what it would cost them to repair the property. The contractor can review any information that either party would like them to. Admiral and Mr P then both agree to be bound by the contractor's costs and allow them to do the repairs.
- Admiral can offer Mr P a choice of three contractors and he can choose from one of those three.
- If the costs of the contractor are greater than the settlement already paid to Mr P, then Admiral agrees to pay the difference of independent contractor's costs directly to the contractor (including any costs for VAT if Mr P/the contractor provide sufficient evidence that VAT has been charged/paid).

My final decision

My final decision is that I uphold this complaint. Admiral Insurance (Gibraltar) Limited must put things right by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs S to accept or reject my decision before 24 May 2022.

Dan Prevett
Ombudsman