

The complaint

Mr K complains about Admiral Insurance (Gibraltar) Limited's handling of his claim involving a leaking pipe under his home insurance policy.

What happened

In September 2021 Mr K noticed a leak at his home. He contacted Admiral in November to report the problem. The leak hadn't been located at this point but was thought to be under the ground floor and possibly caused by a neighbour completing renovation work.

Mr K says Admiral appointed a loss assessor who arranged a video call to assess the damage. Following which he says there has been a lot of back and forth with the business, which has delayed the repair work. Mr K says Admiral offered him £2,000 to arrange the repairs himself. He didn't accept this. Later he says Admiral appointed a surveyor who determined the work previously identified wasn't sufficient to resolve the problem.

Mr K is concerned that the work has yet to be carried out and further damage is being caused because of Admiral's delays. His insurance premium has increased because of this claim, but he says he can't shop around because alternative insurers want to know an estimate for the cost of this claim, which Admiral hasn't provided. He says this is causing him to worry. He's also worried about possible issues when re-mortgaging his home.

Mr K says Admiral hasn't provided much assistance in finding alternative accommodation. He says he expected the business to facilitate this as part of his claim.

Admiral says it agrees that delays have occurred and acknowledges Mr K's concerns about the possibility of further damage to the foundations of his home. It says the communication provided by its loss assessor didn't address the points Mr K raised and it apologises for its poor communication.

Admiral says it agrees with Mr K that no plan or action or scope of works was produced for him to review. And there appears to have been a breakdown of communication between its loss assessor and the contractor it intended to complete the works. It says the cash settlement of £2,000 offered in March 2021 would likely have been insufficient to complete the work required. It says without a scope of works it was incorrect to offer a settlement payment.

Admiral accepts that no scope of works was provided to Mr K until the second week of July 2021. And this delayed the opportunity to consider alternative accommodation. It says that due to market conditions it couldn't source suitable accommodation. Admiral says it advised Mr K to source his own accommodation, but he declined. It says the repair work cannot commence until alternative accommodation is arranged.

Admiral says it has liaised further with Mr K regarding alternative accommodation. And it has offered a disruption allowance to cover any additional costs if Mr K needed to travel further to get to work. In total the business offered £500 compensation for the service failings identified. Mr K wasn't happy with this offer and referred his complaint to our service.

Our investigator didn't uphold his complaint. She thought Admiral was at fault for delays in progressing the claim and for poor communication. But she felt the business had offered fair compensation for this. She didn't think it behaved unfairly when increasing Mr K's premium. As he'd made a claim, which can reasonably be expected to increase the cost of insurance.

Our investigator acknowledged Mr K was concerned about delays causing further damage to his property. Also, that he preferred Admiral to find alternative accommodation for him. She thought it was reasonable to expect Mr K to take steps to mitigate his losses and cooperate with the business to find accommodation suitable for his needs. Because of this she didn't think Admiral need take any further action to resolve his complaint.

Mr K didn't think this was fair. He says Admiral's handling of his claim has been poor which has resulted in the delay in repairs taking place. He says Admiral has done little to help arrange accommodation. He says he accepted the two properties suggested to him, but that both fell through. Our investigator didn't change her view and Mr K asked for an ombudsman to review his complaint.

It has been passed to me to decide.

I issued a provisional decision in January 2022 explaining that I was intending to uphold Mr K's complaint. Here's what I said:

provisional findings

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 it's clear that Admiral doesn't dispute it's handling of Mr K's claim could've been better. It acknowledges the initial offer of a cash payment to settle the claim, wasn't appropriate given there was no confirmation of the scope of works available at that time.

From the claim notes provided the initial plan was to re-route pipe work to resolve the leak under the floor, avoiding more invasive excavation work. From the records, Admiral communicated this to Mr K in mid-March 2021. Given the claim was made in November 2020, this took a sometime to decide. Admiral refers to communication issues between its contractor and its loss adjuster for these delays.

Mr K emailed some questions for the loss assessor to answer after he was made aware of the repair plans. Admiral says there was a "glitch" meaning this email didn't get to the assessor.

I can see further attempted contacts were logged in March 2021. At this stage Mr K was provided with a full scope of works and given the choice to agree to the work or receive a settlement payment. He contacted the loss assessor by direct email with questions at the beginning of April, saying he'd been trying to contact him over the last two weeks. He then gave instructions for Admiral to continue with the repair work as he didn't accept the cash settlement. The business asked its contractors to speak with him directly to confirm the required works. But this didn't happen until later in May. Admiral apologised for this delay.

Following further discussions, a joint visit was arranged in June 2021 at Mr K's home with Admiral's contractors and its loss assessor. A different approach to carry out more invasive work was agreed at this meeting. This was to excavate the kitchen, remove all contents and for Mr K to be put in alternative accommodation.

From the records a further scope of works was provided to Admiral by its contractors in late June 2021. This wasn't made available to Mr K until the second week of July. From here the approach to repairs was agreed.

I have thought about the time taken by Admiral to investigate and provide a scope of works for the repairs. I acknowledge a less invasive approach was initially considered and this was later changed. This meant further consideration was required creating delays, but this was exacerbated by a poor standard of communication on Admiral's part.

I think it's reasonable to expect the required repair work could've been confirmed sooner. The business acknowledges it was at fault here and it has delayed commencement of the repairs. In the circumstances it's fair that Admiral offered Mr K compensation for its poor handling of his claim. But I don't think its offer fully acknowledges the frustration, distress and inconvenience caused over this period.

Mr K describes how he spent a considerable amount of time contacting Admiral, and the difficulties he found getting responses. I think this is reasonably supported by the accounts provided by both him and the business. As above Admiral concedes it was at fault for the delays. It took a long time to decide on the required repair, and the communication issues played a significant part in this delay. Mr K describes how he is worried about the potential for further damage caused by the ongoing leak. Specifically, what this could mean for the foundations of the building. I can understand that this this must be distressing for him.

Having considered all this, I think a higher compensation payment is justified, which I will confirm below.

Repair work can't take place until Mr K's moves to alternative accommodation. There's no dispute that this is something provided for under his policy. I have read through the policy terms to understand what Admiral is expected to do here. Given, Mr K's concerns that the business has done little to help him. The terms say:

"Alternative accommodation and loss of rent

Temporary accommodation for you, your family and your pets, while your home is being repaired.

If your home is not fit to live in due to loss or damage by causes covered under Section 1

- Buildings."

There is little information to explain how alternative accommodation will be arranged. But we do expect an insurer to act fairly. It's reasonable that Admiral provides assistance and clear communication when alternative accommodation is needed. Mr K says he contacted the estate agent in the link Admiral sent to him. But the property it suggested was already taken.

He says one other estate agent has since contacted him and he accepted a property it offered. But another tenant was accepted ahead of him. He says he's received no other contact from Admiral regarding alternative accommodation.

Admiral says its prepared to offer a disruption payment if Mr K incurs additional costs. Such as the location of the accommodation requiring longer journeys to work. Mr K says he told Admiral he'd move anywhere that allowed him to commute by train, if he was working in London, or by car if working elsewhere. He says the business hasn't listened to him. He also says it's limited its search to a three-mile radius from the location of his house. He says this isn't necessary and shows it hasn't acted reasonably to arrange accommodation.

Mr K says he has one day a week off work and doesn't have the time or resources Admiral does to try and source accommodation. He also says it hasn't confirmed a budget for this despite numerous requests.

It's reasonable to expect Mr K to engage effectively with Admiral to arrange accommodation so works can commence. But based on the evidence provided I think Admiral could've been more helpful and proactive in assisting him. This is a stressful time for Mr K given the ongoing leak and required repairs. But it's made worse by the delays in starting the repairs due to a lack of alternative accommodation.

I think it's reasonable that Admiral should assist Mr K to find accommodation. And in recognition of the poor service, it's fair for Admiral to pay him compensation for the additional distress and inconvenience this has caused.

Finally, I have considered Mr K's concerns that it's unfair for Admiral to have increased his insurance premium so significantly. And that he's been unable to provide an estimate of the cost of this claim to other insurers because of the delay in receiving this information. He says this prevented him obtaining alternative cover.

I have thought about whether Admiral behaved fairly here. Many factors are considered when an insurer calculates the cost of insurance. Claims history will generally be included in these calculations. So, I don't think it's unreasonable for Admiral to consider Mr K's recent claim when calculating his renewal premium.

We asked Admiral to provide information to show it treated Mr K fairly when calculating his renewal. Its underwriting criteria is commercially sensitive information. So, I can't share it. But I can see that Admiral applied its usual underwriting criteria when calculating Mr K's renewal premium. I can understand that he's disappointed to be paying more for his insurance. But I don't think Admiral has treated him unfairly.

Admiral explained to Mr K in August 2021 that the total repair cost won't be known until the claim is finalised. It says he can advise any other insurers that the claim is ongoing. It has since estimated the cost at £40,000 inclusive of alternative accommodation. My understanding is Mr K can provide this information to alternative insurers.

Given the delay in receiving this information, I think it's reasonable that Mr K isn't charged an administration fee if he chooses to switch insurers.

In summary I don't think Admiral treated Mr K fairly in handling his claim and for its poor standard of communication. I don't think it's behaved reasonably when arranging alternative accommodation. It should contact Mr K to make these arrangements. Because of these failings I think an increased compensation payment totalling £750 is reasonable. I don't think Admiral behaved unfairly when calculating Mr K's renewal premium. But it should allow him to seek cover elsewhere without applying an administration charge, for the reasons given here.

I said I was intending to uphold this complaint. Admiral Insurance (Gibraltar) Limited should:

- pay a total of £750 compensation for the distress and inconvenience caused;*
- assist Mr K to find alternative accommodation; and*
- allow Mr K to cancel his policy, should he wish, without applying administration charges.*

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Admiral responded with a timeline of its contact with Mr K regarding its efforts to source alternative accommodation. It says a review of its timeline shows how it tried to assist Mr K. It says he was difficult to get hold of and was also given the option to source his own alternative accommodation.

We supplied a copy of Admirals timeline to Mr K and asked if he had any comments. He responded to say the business consistently misquoted his requirement for alternative accommodation. All he needed was access to a train station with direct lines to the city for his commute. It took six months reiterating this to Admiral before it widened its search area.

Mr K says Admiral have many times said it tried contacting him, but this isn't the case. He says it has been almost impossible to get someone to pick up the phone. If Admiral had made the contacts it says, he would have called back. Mr K has little confidence in Admiral's ability to handle his claim in light of his experience so far.

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.

I have reviewed the timeline provided by Admiral. I also acknowledge its comments that it had difficulty finding alternative accommodation options for Mr K, and that he was difficult to contact.

The timeline shows it took two months for Admiral to confirm a start date for work to begin. This was after it had instructed its agent to find alternative accommodation. Its agent chased several time for the start date during this period. This delayed the search for accommodation.

From August 2021 a number of searches were carried out. The notes state Mr K's rental requirements were for, *"a two bedroom property with one parking space near a train station in a 2-3 mile radius of his home"*. This formed the basis of its search.

Mr K is adamant that he didn't say the accommodation should be within 3 miles of his current home. But rather the alternative accommodation needed to be within 3 miles of a train station. The timeline shows the search area was later expanded when Admiral struggled to source suitable accommodation. The notes show Mr K was willing to consider properties from further afield when this was raised with him.

Based on the evidence, I'm not persuaded that Mr K wanted to limit the accommodation search to within 2-3 miles of his home. His focus was the proximity of the accommodation to a train station. On balance I think it's probable that Admiral's agent misunderstood, and a wider search area could've been used from the start.

The timeline shows a number of searches and options were considered in September 2021. Albeit none of these were ultimately successful. The notes support Admiral's view that the availability of suitable accommodation was limited in the immediate and wider search areas. The notes show efforts were made to continue searching for accommodation for Mr K. I acknowledge Admiral's view that Mr K was difficult to contact. But the records provided don't support this and Mr K disputes this was the case.

Having reconsidered all the evidence, in conjunction with the further comments and timeline, I'm not minded to change my provisional decision. Mr K spent a considerable period of time contacting Admiral regarding his claim and struggled to obtain responses. The evidence

supports this view. The business also admits it was responsible for delays in handling the claim and deciding on the appropriate repair work. Mr K has been caused significant inconvenience and hassle as a result of these delays. He was also worried about the potential for further damage due to the ongoing leak.

Repair work can't commence until Mr K is provided with alternative accommodation. On the balance of the evidence I think the search area could've been wider from the start and communication could've been better. This has added to the frustration and inconvenience experienced by Mr K.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that Admiral Insurance (Gibraltar) Limited should:

- pay a total of £750 compensation for the distress and inconvenience caused;
- assist Mr K to find alternative accommodation; and
- allow Mr K to cancel his policy, should he wish, without applying administration charges.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 April 2022.

Mike Waldron
Ombudsman