

The complaint

Ms O is unhappy with the way Admiral Insurance (Gibraltar) Limited has dealt with a problem she claimed for under her home insurance policy.

What happened

I'll set out a brief summary of the main points relevant to this dispute.

- In early 2020, Ms O noticed damp in her downstairs bathroom. She got in touch with Admiral to make a claim and also contacted plumbers for advice.
- A plumber suggested the problem was caused by condensation and recommended replacing the bathroom window. Ms O did that and, thinking that would resolve the problem, discontinued the claim with Admiral. I understand Admiral declined the claim around the same time, on the basis the damage was caused by sealant failure.
- Later in 2020, Ms O noticed the problem was continuing. She discovered water overflowing from the gully next to the bathroom and kitchen. And after removing the bath panel, she found a leak behind it. So she got back in touch with Admiral.
- Admiral inspected the gully and pipework, found it needing replacing, and did so. Ms O thought the gully may have leaked and caused damage to her house and garden.
- Admiral carried out an inspection of the house. It didn't think any of the damage was covered by the policy. Nor did it think there was any damage to the garden.
- Ms O complained about the outcome of the claim and the way it had been handled.
- Admiral maintained the claim should be declined. It said it had handled most aspects of the claim well but accepted there had been some delays and poor communication. It offered £75 compensation for this. Ms O referred her complaint to this service.
- In 2021, Admiral arranged for cracking to be inspected. It concluded there was no evidence of a subsidence problem.
- Our investigator thought Admiral had acted fairly. Ms O disagreed, so her complaint has been passed to me.

My provisional decision

I recently issued a provisional decision in which I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There are a number of different points to this complaint, so I'll consider each separately.

Drainage

Admiral appointed a drainage contractor in October 2020. They carried out a survey and found the kitchen/bathroom outside gully was blocked. They replaced the gully and connecting pipework. They also noted faults further away from the house, which they said was the responsibility of the local water authority. They advised Ms O to contact that authority.

I'm satisfied the drainage problem has been put right and this aspect of the problem has been resolved fairly by Admiral.

Garden

I understand Ms O considers the drain problem caused damage to her garden. It isn't in doubt that the gully was blocked and the nearby pipework damaged. So it's possible water had escaped into the garden.

However, that doesn't necessarily mean the water caused damage in the garden. None was noted by the drainage contractor in its report. And when Ms O later questioned this, they maintained there was no evidence of damage before or after it carried out the work, caused by leaking water or anything else.

It's not clear what damage Ms O thinks has been caused to the garden by the drain problem. The garden is paved around the rear of the house and the gully. I've seen photos which don't highlight any clear damage. I haven't seen any other evidence to show the paving has been damaged. And even if water had been leaking from the gully prior to the repair, I think it's unlikely this would have damaged outside paving which is designed to resist rainwater.

So overall I think Admiral acted fairly when it declined to take any further action in the garden.

Bathroom and kitchen

Ms O was concerned that the drain problem may have caused water to come into the house. The gully is directly next to the kitchen and bathroom, so I can understand that concern.

When Admiral inspected the house, it identified a number of causes contributing to the bathroom and kitchen damage. But it didn't think the drain problem was one of them. Much of the damage noted internally is at a higher level than the gully. And the damage at a low level has been linked to a leak, which I'll come to below.

Ms O has provided copies of estimates she had for work to the bathroom, but neither gives an opinion about the cause of the damage. I haven't seen any plumbers or other experts link the drain problem to the internal damage.

Based on the evidence available to me, I'm not persuaded the internal damage has been caused by the drain problem.

I note Ms O asked Admiral to test the wet areas internally to see whether it could be traced back to the drain. Whilst it may have been preferable to do this testing to rule out the possibility the drain was contributing to the internal damage, I don't think Admiral was obliged to do this. There's no evidence to suggest the drain may be causing damage internally, so I think Admiral's investigation into this point was reasonable.

When Admiral inspected the bathroom and kitchen, it noted damage caused in a number of ways. It found a leak under the bath and a number of other issues that are broadly all maintenance related.

The policy covers damage by water escaping from pipes – but not any damage which happens gradually.

Admiral accepts a pipe underneath the bath has leaked and caused damage. It says the leak was longstanding and had been going on for a prolonged period of time. It's difficult to make out the damage under the bath clearly from the photos provided, but on balance I think it's more likely the leak was gradual than sudden. That's because no particular reason for its sudden failure has been suggested.

Taking the policy at its word, that means the damage caused by the leak isn't covered. But this service has a longstanding approach to gradual damage policy terms. In summary, we usually only consider it fair for an insurer to rely on such a term where the consumer ought reasonably to have been aware of the gradual damage.

I've looked at the photos and thought about what Admiral has said. Whilst there may be evidence of other problems plainly visible, such as the shower screen, ceiling and window, I'm not persuaded there's similar evidence of the leak under the bath. With the panel removed, damage is there to see, but with the panel in place, I'm not satisfied Ms O ought to have been aware of the leak.

Because of this, I don't think it would be fair for Admiral to decline to deal with the damage caused by the leak under the bath. To put that right, it should pay the cost of repairing any damage caused by the leak – in the bathroom or the kitchen.

I'm satisfied the other damage in the bathroom and kitchen was fairly declined though. No other recent leaks or other causes of damage insured by the policy have been identified in these areas by Admiral. And I haven't seen any other expert opinions to the contrary.

External damage

Admiral considered cracking and related problems in the external fabric of the house. It didn't think any of it was covered by the policy when it inspected in 2020. Nor when it inspected again in 2021.

I've considered the reports and photos provided and I'm satisfied Admiral has reached a fair position on this point. The damage appears to be wear and tear and general deterioration, rather than something covered by the policy, such as subsidence or storm damage.

I haven't seen any other expert opinions to the contrary.

Number of claims and impact on premium

Ms O has questioned how many claims Admiral has recorded on her insurance record as a result of problems she's reported – and whether this has caused her premium to increase. Admiral has confirmed it's logged five claims.

One is for the drain problem and another is for the water leak in the bathroom. I'm satisfied it's reasonable to record two separate claims. There's no evidence to show one problem was caused by or linked to the other, so I think it's fair to see them as two separate events, with different causes.

Admiral has logged two storm claims in October 2020 and a subsidence claim in May 2021. All seem to relate to the external damage I noted above, which amounts to cracking and other defects in the fabric of the house. It's not clear to me that there are three separate events here. But I don't think these problems are linked to the drainage or the bathroom leak. So I think it would be fair to record one claim only for the external problems.

To put this right, Admiral should remove the latter two claims from any internal and external databases. It should also recalculate the premium it charged at the last renewal to take into account the reduced amount of claims on the policy at that time and refund any difference to Ms O.

Claim handling

Admiral has already accepted it caused some avoidable delays and communicated poorly at times. It offered £75 compensation. I've looked at the timeline of events and thought about how Admiral has handled the claim. Having done so, I'm not persuaded £75 goes far enough to put things right.

I don't think there have been significant delays. The drain repair was carried out promptly. And the other damage was inspected soon after. Most of it was reasonably declined soon after. But the bath leak was unfairly declined and that's caused avoidable delays. And when Ms O questioned how the claim was progressing, she didn't always get clear and prompt responses. I think this caused her avoidable distress and inconvenience.

Overall I think a total of £250 would be reasonable compensation in the circumstances. If Admiral has already paid the £75 it previously offered, it can deduct that from the total and pay the remaining £175 only.

Next steps

I understand Ms O has had a contractor carry out work to the bathroom. I haven't seen an invoice for the work, so I don't know what has been done. The work may have been limited to repairing the damage caused by the leak or it may have dealt with other problems too.

I intend to require Admiral to pay for the cost of work reasonably required to put right the damage caused by the leak under the bath. To do that, Ms O should provide Admiral with her invoice and a breakdown of the work done. It can then estimate how much of that work was a result of the leak and pay the corresponding amount to Ms O.

I also intend to require Admiral to remove the latter two claims and recalculate the premium. Admiral should let Ms O know when it's removed the claims and recalculated the premium and let her know what impact, if any, this has had on her premium. If it shows a difference, that should be refunded to Ms O.

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 didn't reply to my provisional decision.

Ms O replied and provided further information. She clarified that her bathroom had been completely replaced and provided photos to show it as it is now. She also provided receipts to show some of the costs involved.

I remain satisfied that Admiral should pay for the cost of work reasonably required to put right the damage caused by the leak under the bath. As I set out in my provisional decision, it's likely Admiral will ask Ms O to provide receipts and a breakdown of the work involved so it can estimate how much of the work done was a result of the leak. Alternatively, it may make an offer towards the overall cost in the interest of reaching a prompt and pragmatic resolution to this dispute.

Ms O said the water pressure from the broken drain lifted the paving in the area. And the leaking water would have polluted the garden. This is the damage she thought the drain problem had caused to her garden.

I recognise the paving *could* have lifted and the water *could* have leaked into the ground. But I haven't seen anything to show this is likely what happened – or that it amounts to damage in any case. For example, if the paving had been lifted and then returned to its prior position, I'm not persuaded that means it was damaged. If it's been cracked or damaged in other ways as a result of the drain problem, Ms O is entitled to let Admiral know that and provide supporting evidence, such as a contractor's report on the cause of damage and the cost of putting it right. Similar for the possibility of the leak into the garden. As it stands, I haven't seen anything like this, so I won't be asking Admiral to take any further steps on this point.

Ms O also questioned why Admiral had asked her to report to the local water authority the faults found on its pipework. As these faults were far from Ms O's property, Admiral didn't think they were causing a problem to Ms O's property. Ms O seems to agree, and I haven't seen any expert view to contradict that. So I don't think Admiral had any obligation to take the matter forward for her. But as it had found the faults, I think it was reasonable for Admiral to share this information with Ms O and let her know that she could report it to the local water authority if she wished. That option remains open to her.

Neither party has responded to the other aspects of my provisional decision, so I see no reason to comment on them further or to change them.

My final decision

I uphold this complaint and require Admiral Insurance (Gibraltar) Limited to:

- pay for the cost of work reasonably required to put right the damage caused by the leak under the bath
- remove the latter two claims from any internal and external databases
- recalculate the premium charged at the last renewal to take into account the reduced amount of claims on the policy at that time and refund any difference to Ms O
- pay a total of £250 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 19 April 2022.

James Neville
Ombudsman