

The complaint

Mr and Mrs L complain Admiral Insurance (Gibraltar) Limited have unfairly declined their Buildings Insurance claim.

All references to Admiral also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them in full here. This is a summary of the events that led to the complaint.

- Mr and Mrs L reported suspected subsidence damage to Admiral in August 2019. There were initially delays as Admiral's adjusters failed to contact Mr and Mrs L, which resulted in an alternative adjuster being appointed.
- Admiral inspected the damage in September 2019 and initially accepted liability for repairs in December 2019. Admiral identified the cause of damage was subsidence
- Admiral carried out monitoring at the property - which continued through 2020.
- In September 2020, Admiral declined Mr and Mrs L's claim. It said the foundations of the extension did not comply with the minimum depth set out in standards of a provider of building warranties for new homes. It said damage caused by poor design or faulty workmanship was excluded under the terms of the policy.
- Following this Mr and Mrs L arranged for a structural engineer to review the damage in December 2020.
- A complaint was then raised with Admiral. Mr and Mrs L were unhappy with the decision to decline the claim, the time it had taken and additionally raised issues regarding the increase in the price of their policy. They said they had to pay to seek professional advice from a structural engineer, in order to dispute Admiral's decision. They also said it had taken a considerable amount of time and effort.
- Admiral agreed there had been delays in providing an answer regarding the claim. It offered Mr and Mrs L £700 compensation for the inconvenience caused but maintained its decision to decline their claim. It also said Mr and Mrs L's premiums were correctly priced.
- Mr and Mrs L didn't agree with Admiral's response, so they brought their complaint to our service.

Our investigator recommended Mr and Mrs L's complaint be upheld. She said she wasn't persuaded Admiral could fairly or reasonably decline the claim, based on the poor design or faulty workmanship exclusion. However, she said she was satisfied Mr and Mrs L's premiums had been calculated correctly.

To put things right our investigator recommended Admiral:

- Consider the subsidence claim, subject to the remaining policy terms and conditions.
- Reimburse Mr and Mrs L for the cost of the review from their structural engineer.

- Pay Mr and Mrs L a further £200 compensation to reflect the delays and worry caused by Admiral's claim decision and the inconvenience caused.

The complaint has now passed to me. Admiral have provided further comments in which it reiterates the extension did not comply with the minimum depth set out in standards of a provider of building warranties for new homes.

Mr and Mrs L provided a further summary of their points, which I can confirm I have also considered.

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 agree with the conclusions reached by the investigator for these reasons:

- The policy says it excludes any loss or damage caused by faulty design, planning and workmanship.
- Admiral have applied this exclusion when declining Mr and Mrs L's claim. It said subsidence wouldn't have occurred if the foundations extended below the depth of tree root influence.
- Admiral said the foundations are inadequate and do not comply with minimum design depths specified in guidance from a provider of building warranties.
- I've reviewed planning applications, proposals and designs for the property along with the site inspection records from the Local Authority's Building Control (LABC). I've also considered further comments following LABC attending the property again around January 2022.
- LABC referenced in its own correspondence that at the time of planning the foundations should be a minimum 1M deep and inspection records show the excavations at the time were recorded at around 1.4m into deep clay. Mr and Mrs L's structural engineer has provided reasoning for the difference in reported foundation depths at the time the claim was initiated. And I've not seen anything else that persuades me the extension didn't comply with any directions given by LABC at the time the extension was built.
- The policy doesn't set out any requirement to adhere to the standards of the building warranty provider of new homes. And Admiral have not provided anything that persuades me the extension was subject to these at the time it was built. Additionally, it hasn't pointed out any other specific regulations the design fails to meet, and to what depth the foundations should have been. So, I don't think it's reasonable to apply the exclusion to decline the claim.
- Had the claim been accepted and progressed, I'm not persuaded Mr and Mrs L would have incurred the cost for a structural engineer. So, I think it's reasonable Admiral reimburse Mr and Mrs L for this cost - subject to an invoice or receipt being provided. And it should pay simple interest on this to cover the time Mr and Mrs L were out of pocket as a result of its actions.

- Having reviewed everything, I find Admiral should also pay Mr and Mrs L an additional £200 compensation. This is to reflect the delays and worry caused by Admiral's decision to turn down the claim, the delay in doing so and the inconvenience caused.
- I've also considered what Mr and Mrs L said about the price of their policy, and that their premiums have increased since 2019. It's not the role of our service to tell an insurer what they should charge its customers. But having checked the information provided to me, I'm satisfied Admiral have calculated the cost fairly and in line with its pricing guidelines. So, I'm satisfied Mr and Mrs L were treated fairly and in line with any other customer in the same position. So, I do not uphold this aspect of Mr and Mrs L's complaint.

Putting things right

In order to put things right, I direct Admiral to:

- Accept the subsidence claim, subject to the remaining policy terms and conditions.
- Reimburse Mr and Mrs L for their structural engineer's report, subject to proof of payment such as an invoice or receipt.
- Pay 8% simple interest on this amount, from the date the invoice was paid to the date of settlement.
- Pay Mr and Mrs L a further £200 compensation in addition to the £700 previously offered, making a total of £900 compensation for the distress and inconvenience caused.

My final decision

My final decision is that I uphold Mr and Mrs L's complaint about Admiral Insurance (Gibraltar) Limited.

To put things right, I direct Admiral Insurance (Gibraltar) Limited to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 25 July 2022.

Michael Baronti
Ombudsman