

The complaint

Mr H complains that Admiral Insurance (Gibraltar) Limited refused to renew his buildings insurance following a declined subsidence claim.

What happened

References to Mr H and Admiral include respective representatives and agents.

The background to this complaint is well known to the parties so I've provided a summary here.

- Mr H purchased a property in 2016 and the pre-purchase survey highlighted certain defects. The property is insured under a buildings insurance policy underwritten by Admiral.
- In November 2020, Mr H made a claim on the policy as he noticed the separation between the house and the conservatory had increased. The claim was declined as Admiral said the damage was detailed in the pre-purchase survey and therefore pre-dated the policy inception. Mr H accepted the claim wasn't covered by the policy.
- Policy renewal was due in September 2021 but three weeks before, Admiral let Mr H know it wouldn't be offering renewal cover due to the subsidence.
- Mr H complained that the withdrawal of cover was a breach of an established insurance agreement about continuation of policy cover by an existing insurer following a subsidence claim. He was also unhappy with the short notice provided by Admiral.
- Admiral said that Mr H hadn't reported the movement identified in the pre-purchase survey at policy inception and so it wasn't able to offer renewal and might not have offered cover at all from 2016. Ultimately, it said the risk didn't meet its underwriting criteria.
- Unhappy with Admiral's response on these issues, Mr H raised his complaint with this Service. Our Investigator didn't uphold the complaint saying the insurance agreement Mr H referred to only applied if a subsidence claim had been accepted by an insurer and that wasn't the case here. Mr H asked an Ombudsman to make a 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.

My role requires me to focus on what I consider to be the crux of the complaint so if I don't

comment on all of the parties points, it's not that I haven't thought about them, it's that I don't consider I need to specifically reference them in reaching my decision.

Mr H accepts the reasons for the declination of the claim so that's not something I'll be considering in this decision. And I won't be commenting on the fairness of Admiral's underwriting criteria as this is a legitimate exercise of its commercial judgement which risks it is happy to insure and which it's not. But I can consider if the actions Admiral has taken subsequent to the declination are fair.

Declining renewal of the policy

- The pre-purchase survey details the defect relating to the conservatory and concludes there's been movement which the surveyor attributes to insufficient foundations. It says the conservatory needs a complete overhaul or rebuilding.
- Admiral says if Mr H had disclosed this pre-existing damage when seeking a quote, it wouldn't have offered the policy in the first place.
- The ABI guideline Mr H refers to is "*Where a claim arises, the insurer handling the claim should normally continue to provide subsidence cover on the property after the repair is effected **where the repair has been carried out under the insurer's direction, or with its approval***" (my emphasis). But in this case, Admiral declined the claim and so repairs weren't carried out under its direction or with its approval, so I don't think this applies.
- But even if I agreed it applies – which I don't – I'm not persuaded it would be fair or reasonable to direct Admiral to reinstate cover which it may never have agreed to in the first place had it been in possession of the full facts about the state of the property.
- Mr H says Admiral should have given him more notice. It's this Service's approach that we'd expect notifications about policy renewals to be provided between 14 and 30 days ahead of the renewal date which Admiral did in this case.
- I acknowledge Admiral was in possession of the information which led it to decline renewal some time ahead of this but it says it only reassesses the risk leading up to the renewal date rather than on earlier receipt of extra information. I think this is a reasonable explanation.
- Ultimately, I understand Mr H was able to obtain alternative insurance cover in time for the Admiral policy to cease so while he didn't get as much time as he thinks he ought to have, I'm satisfied it only had limited impact.
- I know Mr H made some alternative cover proposals to Admiral which it declined. As I've explained, it's not my role to tell Admiral which risks it should and shouldn't cover so I won't comment further on this.
- I won't be upholding this part of the complaint.

Complaint handling

- Mr H asked for his complaint to be referred to senior management within Admiral and he says this was refused. In my experience, it would be unusual for someone of that seniority to intervene in a disputed claim or a complaint about it and that in itself isn't unreasonable. And it isn't for me to dictate to Admiral how it handles its complaints.

- Admiral, like many other businesses, has dedicated departments which deal with complaints and while Mr H may not be happy with this – or that Admiral referred the matter back to its underwriters - I'm satisfied Admiral dealt with the complaint and issued a final response in line with its obligations, referring Mr H to this Service if he remained unhappy.
- This is what I'd expect, so I won't be asking Admiral to do anymore on this aspect of the complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 July 2022.

Paul Phillips
Ombudsman