

## **The complaint**

Mr H complains about Admiral Insurance (Gibraltar) Limited (“Admiral”) for its decision to decline his claim and void his insurance policy after a leak occurred at his home. He also complains that Admiral cancelled his alternative accommodation at very short notice, and he was caused disruption by having to vacate this. He wants Admiral to reinstate his policy and apologise for its actions.

## **What happened**

Mr H held home insurance with Admiral.

Around 25 May 2021, Mr H called Admiral to advise that he was due to have loft conversion works starting at his property the following day.

The agent asked him questions about when the work was starting and about how the property would be changed. Mr H advised that the works were due to take 5-6 weeks.

The agent asked if Mr H would be ‘remaining at the property while the work continues’. Mr H answered yes. No further clarification or supplemental questions were asked.

Work then began. Mr H was mostly present at the property, working from home during the days, and from around 30 May 2021 he stayed elsewhere overnight.

On 9 June 2021, Mr H was at his home during the day while work was ongoing. He and his contractors left the property around 6pm.

Unfortunately, part of the new plumbing connections leaked overnight, and the leak was ongoing for around 12 hours. This caused extensive damage to the property and was discovered at 9.00am on 10 June 2021.

Mr H submitted a claim to Admiral.

A loss adjuster was instructed to survey the damage, and alternative accommodation was arranged for Mr H. This initially was due to extend until 14 July 2021.

On 12 July 2021, Admiral decided to void Mr H’s policy. It backdated this decision to 30 May 2021 and wrote to Mr H saying that this was due to his vacating his property on this date. It stated that it would not have offered cover if it had been aware of this. Admiral also cancelled Mr H’s alternative accommodation and he was forced to leave this accommodation on less than 2 hours’ notice.

Mr H complained to Admiral. He complained that he disagreed with the voidance of the policy and rejection of his claim, that he was not responded to when he contacted Admiral and that communications were unclear or misleading, and that actions of Admiral in consequence of it rejecting the claim were unfair.

Admiral responded in mid-August. It upheld Mr H’s complaints that he was misadvised not to make a claim on his household policy, and to instead claim on his contractors’ policy, and

that calls were not returned to him. Admiral offered £150 to reflect these issues.

Admiral rejected the substantive issues of complaint, including that the claim was unfairly rejected and the policy unfairly voided.

Mr H contacted us.

Our investigator has looked into this matter and set out a clear and comprehensive explanation of his view. This was that Admiral had acted unfairly in voiding the policy on the basis of a misrepresentation as the questions asked were not sufficiently clear.

Our investigator considered that, although other exclusions may have applied to the claim, Admiral was wrong to void the policy. He therefore recommended that Admiral reinstate the policy and remove any records of avoidance, and pay to Mr H a further £250 compensation.

Admiral did not accept that view and asked for an ombudsman 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 colleague carefully explained the relevant provisions of the law and how these apply to decisions to void a policy. Their explanation was clear and cogent, and neither party has disputed the explanation so I will not repeat it here.

Admiral does, however, take issue with the investigator's view that it did not ask sufficiently clear questions, or that Mr H's answers constituted a qualifying misrepresentation. Admiral considers that the question 'will you be remaining at the property while the work continues' refers to a policy holder sleeping at the property.

This complaint centres on whether Mr H gave a reasonable response when asked questions during his call on 25 May 2021. He had contacted Admiral proactively, in order to comply with his policy requirements to let them know of any changes to his home.

During that call, the agent asked about the work that was being done, whether planning was required, and how long the work was due to take. She recorded specific dates based on the outside range given by Mr H in response.

She asked if he 'will be remaining' 'while the work continues'. Mr H answered yes.

I agree with my colleague's view that Mr H gave a reasonable answer to the question asked here.

Admiral argues that the question implies that Mr H must sleep at, and intend to continue sleeping at, the property in order to answer yes. Admiral says that if Mr H had answered no, then it would have asked further questions to clarify when he would be there, and it would likely have declined to cover his home during the works.

I do not agree with Admiral's argument and I consider that if Admiral needed to know where Mr H planned to sleep, then it should have asked him explicitly. I agree that the question, as phrased, was open to interpretation and it appears that Mr H intended to be, and indeed was, present at the property during the day while work was taking place. The evidence shows he was working there and left with the contractors at the end of their working day on the date of the incident.

I do not consider that this was misleading, or was a misrepresentation.

I appreciate that consumers need to take care when answering questions from insurers, but equally insurers must take care to ask specific questions which are unambiguous if the answers are central to the decision to offer cover.

I therefore agree with my colleague that Mr H did not make a qualifying misrepresentation and that Admiral was wrong to treat it as such and to void his policy.

It follows then, that as I think that Admiral was wrong to cancel the policy, I also agree with the investigator that Admiral's decision to cancel Mr H's alternative accommodation was wrong.

Consequently, I uphold Mr H's complaint and direct Admiral to take action to put matters right.

### **Putting things right**

I agree with my colleague's assessment that Admiral must remove the avoidance decision and confirm this to Mr H by letter. It must also remove any reference to this avoidance on any central databases.

I also agree with Admiral should pay more compensation to Mr H to reflect the distress and inconvenience it has caused him through its wrong decision. I agree that a further £250, to bring the total to £400, is appropriate.

My colleague considered that another exclusion may apply to Mr H's claim and noted that Mr H had been able to pursue his losses via the contractor's indemnity insurer. I do not necessarily agree that an exclusion would apply, and I would also expect Admiral to now reconsider any claim from Mr H, based on the remaining policy terms. If Mr H is unhappy with any further decision from Admiral, he is free to complain to Admiral and then (if required) to us.

### **My final decision**

For the reasons given above, I uphold Mr H's complaint and direct Admiral Insurance (Gibraltar) Limited to:

- Reinstate Mr H's policy and confirm this to him by letter;
- Remove reference to this avoidance decision from any central databases;
- Pay to Mr H a total of £400 for his distress and inconvenience; and
- Reconsider any claims from Mr H in line with the remaining policy terms.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 September 2022.

Laura Garvin-Smith  
**Ombudsman**