

The complaint

Mr F has complained about how Admiral Insurance (Gibraltar) Limited ('Admiral') have dealt with a claim under a home insurance policy.

What happened

Mr F had an escape of water in his home. So, he contacted Admiral to make a claim, which Admiral accepted. Mr F told Admiral he thought there was a conflict of interest due to Mr F's business. Mr F later complained to Admiral because his claim still hadn't been resolved. He was concerned by the delays, communication and suggested settlement for the claim.

Admiral investigated and when it responded to the complaint, agreed there had been delays and poor communication. It offered £350 compensation. However, it didn't identify any errors in how it had tried to validate the claim and said it needed to send a loss adjuster to view the damage and confirm costs. It also said it had asked Mr F for a quote for the kitchen because it was bespoke.

Mr F replied to Admiral as he wasn't satisfied with some of the response. When Admiral replied, it accepted there had been more communication issues and offered a further £50 compensation. However, it said it had followed an appropriate process for the kitchen as it needed to validate costs.

When Mr F complained to this service, our investigator upheld it in part. He said the cash amount offered to settle the claim needed to fully indemnify Mr F. What Admiral had offered didn't cover Mr F's full costs, so Admiral needed to ensure that it did so. However, it was fair that Admiral hadn't agreed to replace items such as the kitchen worktops and cupboard handles, as there wasn't evidence to show they had been damaged or couldn't be reused. He also thought it was fair for Admiral to require evidence before it paid a disturbance allowance, electricity costs and VAT. It was also reasonable that Admiral had requested a quote for the screed and an invoice for the trace and access work. He also said the £400 compensation Admiral offered was reasonable in the circumstances.

Both Mr F and Admiral accepted our investigator's findings. However, Mr F contacted this service again because he said Admiral wasn't responding to him or taking steps to progress the claim. Admiral then told this service that it now didn't accept our investigator's findings because it had offered to complete the work, but Mr F had asked for a cash settlement. Mr F contacted this service again and said Admiral had been in touch and told him it didn't agree with our investigator and that it had recalculated the cash settlement it was willing to offer, which was now for a lower amount.

Admiral then spoke to our investigator. It said it had made a mistake by accepting our investigator's findings. It said it would be willing to replace the whole kitchen, but at the amount it would cost Admiral to do so, not Mr F. Admiral then asked this service to put a revised offer to Mr F. It said it would either be willing to complete the repairs itself or, if Mr F wanted a cash settlement, an independent surveyor would need to carry out an inspection and establish the costs of the repair and would then settle the claim on that basis. It also said it was willing to offer an additional £750 compensation.

Mr F said he wanted a cash settlement. However, he was concerned about the amounts offered and said he has provided Admiral with costs he thought were reasonable, but hadn't received a reply. Our investigator contacted Admiral to explain Mr F's position. Admiral didn't reply. Following this, the complaint was referred to me.

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 uphold this complaint in part. I will explain why.

Mr F now seems to accept some of the responses from Admiral on aspects of his complaint but, for completeness, I will consider each of these issues. Mr F said the worktops should be replaced by Admiral. However, I haven't seen evidence these were damaged as part of the claim. Admiral has said that if the worktop is damaged as part of the worktops removal and refitting when the kitchen is being replaced it will consider whether it should replace it at that time. I think that is reasonable and that Admiral doesn't need to replace the worktops unless it can be shown they are damaged.

I'm aware Mr F has also said he specifically wants the kitchen handles to be considered again. He has said he had reluctantly agreed with our investigator's view on these in order to try and get matters resolved sooner. However, he had given this further thought and was also now aware of Admiral showing no intention of resolving the claim. So, I've thought about the kitchen handles. I haven't seen anything to suggest these were damaged as part of the claim. So, I don't think Admiral needs to replace them as part of it. I also haven't seen anything to show they can't be re-used. So, based on what I've seen, I don't think Admiral needs to replace the handles.

Admiral has also agreed to pay additional electricity costs, a disturbance allowance and VAT, subject to Mr F providing suitable evidence each of these costs have been incurred. I think that is reasonable. For the disturbance allowance, Admiral has said it will pay £10 per person per day, which is in line with the industry standard. It is also normal for an insurer to require evidence that VAT has been paid before it will cover those costs. Admiral also asked for evidence of the trace and access costs, so it could pay these. Again, I think that was reasonable.

I'm aware that Admiral initially said it would be able to deal with the screed. However, it later decided this was too specialist and said Mr F should provide quotes so he could do the work himself. I can understand that Mr F was concerned and frustrated by this. Mr F has since provided Admiral with a quote, but has told this service he hasn't heard anything further from Admiral. For avoidance of doubt, Admiral must settle the claim for the screed at the cost to Mr F, given Admiral has clearly stated to Mr F that it can't do the work itself and therefore required Mr F to submit a quote.

The main issue is how the cost of the kitchen should be settled. I've looked carefully at what happened. From what I've seen, Admiral initially said it could do the work. However, shortly after this it agreed to pay a cash settlement, which seemed to be because of a potential conflict of interest due to Mr F's business. Admiral continued to look at how to deal with the kitchen and decided that it couldn't be "*patch repaired*" and that any work it did couldn't be guaranteed. Mr F was asked to provide a quote because Admiral wouldn't be able to carry out the repair as the kitchen was too specialist. So, regardless, of any conflict of interest, Admiral concluded that Mr F would need to provide a quote for the work as it was unable to carry out the work.

Some considerable time later, and after our investigator had issued his view, which both Admiral and Mr F accepted, Admiral decided it had made a mistake. Admiral's position is that it would now only be willing to replace the kitchen itself or to pay a cash settlement at the amount it would cost Admiral to carry out the work. In the circumstances, I don't think that is fair or reasonable. Admiral seems to have changed its position because of a number of mistakes it says it made. But, I'm not persuaded that this means it should now replace the kitchen itself or pay a reduced cash settlement. It carried out a careful investigation at the time and concluded it couldn't replace the kitchen. I haven't seen anything that clearly shows me this position has changed or that it is reasonable, such a long time after it agreed the basis on which it would settle the claim, for it now to change that basis. As a result, in my view, Admiral needs to pay a cash settlement for the kitchen at the cost to Mr F of replacing it.

I've also thought about compensation. I have only considered this specifically in relation to the complaint points I was considering. I'm aware that issues have continued since then, but I haven't considered those as they weren't part of this complaint. I'm also aware that Mr F has raised another complaint, but that doesn't form part of this decision. Based on what I've seen and the focus of this decision, I think the £400 Admiral offered was reasonable to address those issues. I think this fairly addressed the inconvenience caused to Mr F, at that time, by Admiral changing its approach on how issues such as the screed would be dealt with and the delays and communication issues that formed part of this complaint. I'm aware that Admiral has since offered more compensation, but this seems, at least in part, to have been in response to more recent and ongoing issues, which don't form part of the complaint I am considering.

Putting things right

Admiral must pay a cash settlement for the kitchen and the screed. It must also pay £400 compensation, if it hasn't done so already.

My final decision

For the reasons I have given, it is my final decision that this complaint is upheld in part. I require Admiral Insurance (Gibraltar) Limited to do the following:

- For the kitchen, Admiral must pay a cash settlement at the amount it would cost Mr F to replace it.
- For the screed, Admiral must pay a cash settlement at the amount it would cost Mr F to replace it.
- Pay Mr F £400 compensation, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 3 November 2022.

Louise O'Sullivan
Ombudsman