

The complaint

Ms C is unhappy with the settlement offered by Admiral Insurance (Gibraltar) Limited in relation to a claim on her home insurance policy.

What happened

Ms C's property suffered damaged following an escape of water. She contacted her insurer and the claim was accepted but it's taking a long time to sort out. And she's unhappy with the settlement offered and the likely disruption.

Ms C said another loss adjuster had re-assessed the damage. But they'd missed out various things from the scope of works, including the damaged carpets. Ms C said it should include carpets in the bedroom, hallway and stairs. Sections of the carpet had already been taken away so she didn't know why it hadn't been included in the settlement figure. And she'd like a breakdown of what's been included.

Admiral said it was sorry to hear Ms C was unhappy with the settlement offered. The amount was for buildings cover only. It'd also offered a settlement for the carpet following a review by its flooring experts.

Admiral said it wasn't possible to provide a full schedule of works as the full extent of the damage wasn't clear at this stage. So the schedule was subject to change pending full strip outs. And Admiral said the policy only provided accommodation cover or loss of rent while the property was uninhabitable. And the policy didn't pay compensation for travel costs.

Ms C wasn't satisfied with Admiral's response. So she contacted our service and our investigator looked into the matter. Our investigator could see the full extent of the damage wouldn't become clear until further strip-outs and flooring removal had taken place. But Admiral had calculated the costs at just over £7300 subject to change following the full strip out.

Our investigator couldn't see that Admiral had offered to carry out the repairs using its own contractors. So she didn't think it was fair to offer a settlement based on its own figures. And she said Admiral should settle on the quotes provided by Ms C instead. And it should contact the companies involved to validate the costs so the claim could move forwards.

Our investigator didn't feel there'd been any loss of rent. And alternative accommodation hadn't been necessary as the property hadn't become uninhabitable due to the leak. But she did feel the insurer needed to review the settlement offered for the damaged carpet as it only seemed to include one room.

To put things right our investigator said Admiral should review the cash settlement offered on Ms C's contractor's rates and consider any further damage uncovered after strip outs. And Admiral should review the carpet assessments and consider the carpet damage in all affected rooms.

Admiral didn't agree with our investigator. So it's asked for an ombudsman's final decision.

Admiral said the carpets had suffered wear and tear before they were water damaged. And it'd been unable to agree the strip out costs from the quotes provided by Ms C's own contractors.

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.

I'm sorry to hear about the difficulties Ms C has experienced. It must've been very distressing to suffer considerable damage from a leak. And although Admiral has accepted the claim on her home insurance policy the repair work still hasn't started due to a dispute over the settlement offered.

So I've looked carefully at everything Ms C and Admiral have said to see if the insurer has treated Ms C fairly and in line with the terms and conditions of the home insurance policy.

This complaint is about the amount offered by Admiral and what the settlement is intended to cover. There may be other work identified during the initial repair stages. And Admiral is disputing the claim for damage to the property's fitted carpets.

When looking at cash settlements I wouldn't normally expect an insurer to offer a greater amount than it would cost to complete the repair work through their own contractors. But on this occasion I can't see that Admiral has offered to provide their own contractors to complete the repairs.

I understand the insurer recommended a cash settlement as Ms C had already obtained a quote at the beginning of the claim. So I think it would be fair for Admiral to deal with the cash settlement to Ms C based on the quotations provided by her own contractor. If Admiral requires further information about the scope of works identified it should get in touch with Ms C's contractors for the necessary evidence to validate the quoted costs.

It's likely the full extent of the damage won't be clear until the strip out begins. And this was confirmed when the insurer's adjuster visited the property at the beginning of the year. There is damage to a number of areas including the entrance, lounge, bathroom, stairs and landing.

So I'd expect Admiral to deal with any additional costs that resulted from the escape of water. And I can see Admiral has acknowledged the amount offered to Ms C was subject to change pending the full extent of the damage becoming evident.

Admiral are disputing Ms C's claim for damage to carpets at the property. It seems to have only offered a settlement for the carpet in one room. And the insurer feels some of the damage is the result of wear and tear. But I've not seen any evidence to support this. And I understand sample areas of carpet were removed – which wouldn't normally have been necessary unless they'd also suffered water damage – and can't be re-laid as a result.

I feel it's more likely, given the impact an escape of water would typically have, that carpets in other areas were also damaged as a result of the insured event. So Admiral should reconsider Ms C's claim for damage to other carpeted areas in line with the terms and conditions of the home insurance policy.

Although the property damage and subsequent repair work will undoubtedly cause considerable inconvenience to Ms C, I've not seen sufficient evidence to suggest the property would be uninhabitable due to lack of heating, cooking or washing facilities. So I

can't ask Admiral to provide alternative accommodation under the current circumstances.

I can see Admiral has offered Ms C a total of £650 compensation for the poor service she's received. I think that's a reasonable amount in the circumstances. And it's in line with the sort of award our service would suggest.

Putting things right

Admiral has accepted Ms C's claim for the damage to property. But it hasn't yet agreed a full settlement figure or made any payment to Ms C. So to put things right Admiral should review the cash settlement offered to Ms C, based on the initial quotations offered by her own contractors.

The settlement should be uplifted to take into account any additional damage identified during the strip-outs, provided that Admiral receives satisfactory evidence the additional work was required because of the escape of water.

Admiral should also reconsider the carpet assessments to take into account damage in all the rooms affected by the escape of water.

My final decision

My final decision is that I uphold this complaint in part. Admiral Insurance (Gibraltar) Limited should carry out the steps identified in the section 'putting things right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 20 January 2023.

Andrew Mason
Ombudsman