

## **The complaint**

Miss G has complained about the way a claim she made for an escape of water under her home buildings insurance policy is being dealt with by Admiral Insurance (Gibraltar) Limited.

## **What happened**

In November 2021 Miss G's home suffered damage as a result of an escape of water from a leak in an upstairs bathroom. Damage spread to downstairs through the ceiling.

Between November 2021 and January 2022 Miss G made a series of complaints to Admiral about the handling of her claim. In summary she complained about the delay, Admiral's decision to pass the claim to a Loss Adjuster (LA) and she was very unhappy with the LA's handling of the claim. Although Miss G reported the claim and arranged for the leak to be repaired by 17 November 2021, Miss G told us dehumidifiers weren't provided until January 2022 and it took 28 days for her home to be dried out.

Miss G was told that her sofa was beyond economical repair. But after drying out was completed, the LA said it no longer needed replacing.

Admiral had offered Miss G a cash settlement for £3,210.73 for the building repairs excluding VAT. But Miss G said it wasn't anywhere near an amount that she could carry out the repairs for.

Admiral upheld some of Miss G's complaints and paid a total compensation sum of £225 for some poor service it provided. Admiral accepted that it should have asked for more information about the damage sooner from Miss G to properly deal with her claim. It said it had failed to manage her expectations.

Our Investigator found that Admiral hadn't offered Miss G the option to have its suppliers carry out the repairs. In line with our approach, she therefore found it unreasonable of Admiral to offer a cash settlement based on its supplier's discounted rates. She thought this would only have been fair if it had given Miss G the option to have the works done through Admiral, but it hadn't.

Due to the time that had passed, and given Admiral's acknowledgement that the lead time for works to be done was significant - the Investigator didn't think it reasonable to expect Miss G to consider this as an option now. And Miss G made it clear to us that she would not wish to take up this an option if it were offered, given her experience of dealing with the LA.

The Investigator thought that the delays were largely due to issues outside of Admiral's control. But she thought it was responsible for an unreasonable delay in arranging for the drying of Miss G's home between November 2021 and January 2022.

Admiral said in February 2022 it had contacted Miss G's LA to ask it why it found its cash settlement too low, but it didn't provide an explanation. The Investigator thought Admiral should have done more and contacted Miss G directly in the absence of a response from her appointed LA. So she thought this had contributed to the delay in progressing Miss G's claim too.

The Investigator made the following recommendations:

- Pay the market value equivalent as a cash settlement to Miss G to have the works

carried out - subject to two quotes provided by Miss G. Admiral can choose from one of the quotes to meet the costs to repair the building damage to Miss G's home under her claim.

- Pay Miss G £75 compensation in addition to the £225 already paid for the delay and poor service Admiral provided.
- Provide a Scope of Works (WOS) including potential damage when a vanity unit in the bathroom is removed as part of the repairs to anticipate costs of replacing wall tiles in the process.

Admiral didn't agree. There was further back and forth as Miss G provided quotes for repairs and Admiral queried the amounts and that the quotes didn't all come from VAT registered contractors. It disputed the measurements provided for the flooring. Admiral said Miss G's LA was appointed to act on her behalf, so it isn't responsible for her LA's failure to contact it or update Miss G.

In the meantime, Admiral paid a settlement to Miss G for the additional electricity costs she incurred as a result of the drying equipment. And it reimbursed Miss G for the costs she paid for carpet remnants as temporary flooring.

In July 2022 our Investigator issued a second view. Miss G had provided quotes for a vanity unit which included a basin - but as only the vanity unit was damaged, she recommended Miss G provide two quotes for a vanity base unit only.

She found no evidence that the flooring quotes provided by Miss G included underneath the kitchen units which weren't previously laminated. So she recommended Admiral meet the costs to replace the flooring based on one of the two quotes Miss G had provided.

She found from a contractor's report that bathroom tiles had dried out successfully and so didn't require replacing.

She agreed with Admiral that skirting boards didn't require replacement - and the flooring went up to the skirting boards so they didn't require removing for replacement flooring.

Miss G accepted the Investigator's follow up view. She provided quotes for decorating and plastering.

Admiral queried the quotes. The Investigator was satisfied they had met Admiral's requirements.

Admiral didn't provide a further response. And Miss G asked for an ombudsman's decision as she was very unhappy with the delay she says Admiral continue to cause in order for her claim to be settled. Miss G wants the compensation award to be reconsidered in light of this.

I issued a provisional decision on 25 October 2022. I thought Miss G had done enough to provide quotes for the works and I thought it was unfair of Admiral not to have given Miss G the option for approved contractors to carry out the works. I thought it had caused undue delay in arranging for the home to be promptly dried out. So I intended to require Admiral to do the following:

- Pay Miss G a cash settlement based on one of the two quotes she's provided for each set of building repairs in order to settle her claim.
- Pay Miss G £275 compensation in addition to the £225 it's already paid for the distress and inconvenience caused.

Both parties have agreed to my provisional decision. So the case has been passed back to me to make a final 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.

As both parties accepted my provisional decision, my final decision is on the same lines.

Dealing with any claim, particularly one involving water or fire damage, will involve significant disruption and upheaval. This is inevitable but fortunately not something a policyholder faces dealing with every day.

My decision focuses on the salient points. But I can assure both parties that I've carefully considered all of the information provided.

I think that once Miss G confirmed the leak had been repaired on 17 November 2021 in a call, Admiral should have taken prompt action in arranging for the drying out of Miss G's home to begin as part of the claim. But this didn't happen until January 2022. It seems that Miss G offered to make arrangements herself - which should not have been necessary - but was unsuccessful.

I think this period of delay caused Miss G and her young child's living conditions to be uncomfortable over a period of two months. While I agree with Admiral that it doesn't mean their conditions were uninhabitable, I've no doubt the impact of living in a damp home over the coldest months of the year which required professionally drying equipment was significant.

Admiral's policy says that it will decide how to settle a claim. We don't think there is anything wrong with an insurer deciding to settle a claim by way of a cash payment. And insurers attract discounted rates from a network of suppliers for claim related works. So they can often arrange for the works to be carried out more economically than if a customer paid commercial rates for the same work.

However, we only think it's fair for an insurer to apply the discounted rates to a cash settlement if it offered a customer the option to have the repairs done by its supplier. Then if a customer chooses to take a cash settlement, it is an informed decision based on a fair range of options.

That didn't happen in this case - until the Investigator began her enquiries with Admiral. By this time, Miss G didn't want to have any dealings with the LA appointed by Admiral. I think that due to the time that has passed, it isn't unreasonable for Miss G to reach this decision. And as I've said, Admiral acknowledges that the lead time for its suppliers means Miss G would have to wait even longer for works to take place.

So in this case I don't think it's fair for Admiral to settle Miss G's claim by offering a cash settlement based on its own supplier rates.

I think Miss G has provided adequate quotes to Admiral to enable it to choose from to reach a 'market rate' cash settlement for the total building repair works. Given that Admiral's decision not to offer the option for its suppliers to carry out the works led to Miss G needing to provide quotes, I think she's done enough to enable her claim to be settled.

I think Admiral's failure to install drying equipment sooner to Miss G's home - and its failure to offer Miss G for its suppliers to carry out the repairs - has caused significant distress and inconvenience. So I think Admiral should pay a total of £500 compensation to Miss G. This means I think Admiral should pay Miss G a further £275 compensation in addition to the £225 it's already paid.

### **My final decision**

My final decision is that I uphold this complaint. I require Admiral Insurance Company Limited to do the following:

- Pay Miss G a cash settlement based on one of the two quotes she's provided for each set of building repairs in order to settle her claim.
- Pay Miss G £275 compensation in addition to the £225 it's already paid for the distress and inconvenience caused.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Miss G accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 7 December 2022.

Geraldine Newbold  
**Ombudsman**