

## **The complaint**

Mr B and Ms O complain that Admiral Insurance (Gibraltar) Limited have offered an unfair settlement for their claim on their home insurance.

Mr B and Ms O have been represented by a third party throughout this complaint, but for ease of reading all references to Mr B and Ms O include the actions of their representative.

## **What happened**

Mr B and Ms O have home insurance with Admiral. In November 2018 there was a water leak at their property that caused significant damage to the ground floor. They made a claim which Admiral accepted.

It dried out the property and started to scope up repairs. Admiral initially appointed a contractor however Mr B and Ms O were unhappy with the selection as they failed to attend the property on a number of occasions. Another was appointed and they set to work replacing the floor, however once laid the floor was at a higher level than it had been previously and was uneven. This meant that the doors at the property couldn't close.

Due to this Admiral agreed to cash settle the remainder of the required repair work. It initially offered around £19,000 however later decreased this amount to £6,000. Mr B and Ms O weren't happy with this offer and got their own quote which was around £27,000.

In 2022 they made a complaint as they said the claim had been going on for years and repairs still hadn't been completed which was unacceptable. They also didn't think Admiral's cash settlement offer was a fair one because it was significantly less than their own quote and had been decreased with no explanation.

Admiral accepted it had provided poor service and offered £300 compensation to make up for this. However it said it wouldn't comment on the cash settlement offer as this had been addressed in a previous complaint, but it was satisfied the most recent offer of around £6,000 was a fair one.

Mr B and Ms O didn't think this was fair as they said the cash settlement offered was far too low and wouldn't allow them to repair their property. They brought their complaint to this service.

Our investigator considered all the issues and recommended the complaint be upheld. She thought Admiral should offer Mr B and Ms O the choice of three different surveyors so they can pick one to do a full report on the damage and provide a quote for the remaining claim related repairs. She also thought Admiral should pay an additional £500 compensation for the distress it had caused by the delays to the claim.

Mr B and Ms O accepted our investigator's outcome. However Admiral didn't respond. As agreement wasn't reached the matter came to me to decide.

When the complaint came to me I wrote to Admiral to try and obtain additional information

about its cash settlement and a breakdown of how it met its liability under the policy. And I said I didn't think it had done enough to show that the cash settlement was fair. It said it would provide a breakdown of its liability but it failed to do so.

I therefore said that as Admiral had failed to show the cash settlement was sufficient our investigator's suggestion was a fair one. However I also thought Admiral should cover the full cost of relaying the floors, as it was its contractor who laid these and ended up putting Mr B and Ms O in a worse position because of it.

I therefore said I intended to require Admiral to:

- Provide a breakdown of the limit of their liability.
- Suggest three contractors with one chosen by the consumer. They will attend the property and put together a quote for the remaining work that falls within policy cover.
- The quote will include the relaying of the floors.
- Cash settle based on the contractor's quote.
- Pay £500 compensation.

Admiral responded to say it would provide a detail of the limit of its liability and confirmed it agreed to our investigator's original recommendation. However despite numerous requests it has failed to provide detail of the limit of its liability.

Mr B and Ms O confirmed they accepted my provisional outcome.

### **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 part of this complaint, I've been provided with three different quotes for a cash settlement. Admiral's original quote of around £19,000, its more recent offer of around £6,000 and Mr B and Ms O's quote of £27,000. While Admiral has said that Mr B and Ms O's quote includes work that is above its liability under the policy, it has failed to explain why or to provide a breakdown of how its own cash settlement meets its liability. I therefore am not satisfied that it's done enough to show that it has offered a fair settlement for the claim.

Further, Admiral said in its final response to Mr B and Ms O's complaint that it couldn't comment on the cash settlement at all as it had been dealt with as part of a different complaint. However it accepts in the same letter that the cash settlement had been amended since this time as the first one was incorrect. As the cash settlement was amended, I don't consider that this matter was dealt with in a previous complaint, and it should have been dealt with under this one. Which is why I have considered it here.

As Admiral has provided no further information about why the quotes it has provided cover the full cost of its liability, I see no reason to depart from my provisional outcome and will require Admiral to suggest three contractors for Mr B and Ms O to choose from. Their selected contractor should then attend the property and put together a quote for all claim related repairs at the property. Admiral should then cash settle based on this quote.

I also maintain my position that the quote should include the full relaying of the floors. While I appreciate Admiral's argument that the type of flooring itself was the reason the floor was uneven once complete, it is the responsibility of its contractors to ensure a good standard and lasting and effective repair when they carry out work. And in this instance if laying the floor was going to leave an uneven finish and prevent doors from closing, I'd have expected the contractors to put measures in place to counter this. However I've not seen that this was

the case. Further, it is the purpose of insurance to put its customer back in the position they were in before the claim and the new flooring has put Mr B and Ms O in a worse position. I therefore think it's fair and reasonable that Admiral cover the cost of relaying the floor as part of the cash settlement.

I should add that I have previously asked that Admiral provide a breakdown of its liability before the contractor quotes for the work. However as it has failed to do so in spite of the ample time I have given it, and in the interest of not delaying the claim further, I think it should proceed to appointing a contractor without this.

Further, it is now over three years since the claim was initially made and there are still extensive outstanding repairs at the property. From what I've seen this is largely due to failures by the contractors that have been appointed by Admiral and the unfair cash settlement it offered initially. Because of this, I maintain my position that it should pay an additional £500 compensation on top of the £300 already offered.

### **My final decision**

For the reasons I've given, I require Admiral Insurance (Gibraltar) Limited to:

- Suggest three contractors with one chosen by the Mr B and Ms O They will attend the property and put together a quote for the remaining work that falls within policy cover.
- The quote will include the relaying of the floors.
- Cash settle based on the contractor's quote.
- Pay an additional £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Ms O to accept or reject my decision before 9 February 2023.

Sophie Goodyear  
**Ombudsman**