

## **The complaint**

Mr C and Mrs C complain that Admiral Insurance (Gibraltar) Limited have declined their claim for damage due to an escape of water.

## **What happened**

Mr and Mrs C jointly held a buildings insurance policy with Admiral.

In 2014 they had a leak in their property from a burst pipe while they were away on holiday. The water caused a ceiling to collapse and water to flow down into the children's playroom. However, although they did notify Admiral at the time, they didn't make a claim on their insurance as after taking advice from a builder, they thought the only damage was to the ceiling and would cost less than their excess to repair, so they paid for the repair themselves.

In January 2022 Mr C and Mrs C noticed the floor had started to sink at one end of the room near where the water had leaked down and so they contacted Admiral.

Admiral referred the matter to their surveyors who didn't visit the property, but did view Mr C and Mrs C's photographs of the damage. They advised to decline the claim as they considered that the problem was as a result of rising damp which has been caused gradually over time.

Mr C and Mrs C engaged their own surveyor, who provided a report which said that the issue had been caused by the water from the previous leak soaking the wall masonry and the solum, and it had been aggravated by the lack of ventilation to the sub floor.

Mr C and Mrs C sent this report to Admiral and asked them to reconsider their decision to decline the claim.

Admiral then sent out their surveyor in August 2022, who reported that in their view, the rot had been caused by a wet concrete sub floor and a lack of ventilation.

Mr C and Mrs C disagreed with this as they said the only part of the floor which was rotting was where it was attached to the wall affected by the leak, and if the problem was due to a lack of ventilation, the whole floor would be rotting. So, they complained.

In April 2022 Admiral issued their response, saying that damage from an escape of water would show damage consistent with lifting, but the evidence in this case supported damp arising from a form of rising damp.

Mr C and Mrs C were unhappy with this response and so they brought their complaint to us. One of our investigators looked into Mr C and Mrs C's complaint and she thought that Admiral had acted fairly and reasonably in declining the claim, but said that Admiral should pay Mr C and Mrs C £100 for the trouble and upset caused.

Mr C and Mrs C disagreed with our investigators view, and so the case has come to me to review.

### **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 have to decide whether Admiral have acted fairly and reasonably, and properly applied the terms of the policy when declining the claim.

Having considered all the evidence, although I think the claim was fairly declined, I agree with the investigator that Mr C and Mrs C should be compensated for the inconvenience caused by the delays. I have given my reasoning below.

### **The decision to decline the claim**

Admiral have declined the claim on the basis of the following exclusion in the terms and conditions of the policy:

#### *10. Gradual causes*

*'Any loss or damage caused by anything that happens gradually, including wear and tear, wet and dry rot, or damage due to exposure to sunlight or atmospheric conditions, settlement, mildew, rust or corrosion'.*

Admiral have said that the evidence in the report provided by their surveyor following visit supports this as he concludes that the rot has occurred as a result of the conditions created by the following contributory causes:

- Inadequate ventilation of the suspended floor section of the extension - ventilation levels should be a 225 x 150mm air brick every 1.5m which isn't the case here
- Standing water on the oversite concrete – there was standing water evident and 100% moisture saturation in the concrete which couldn't be as a result of the leak 8 years ago, and must be attributable to a construction defect,
- The suspended wooden floor was below external ground level - the external walls have render which breaches the damp proof course with no signs of ventilation and the right hand side elevation has raised retained earth which is above the internal floor area
- The damp proof course is above the wall plate - and the wall plates haven't been wrapped in DPC, and the DPM isn't tucked into the external wall

Admiral's surveyor doesn't consider that the leak is the true cause of the issue, but that the rot is due to a combination of possible penetrating damp, possible rising damp, condensation, lack of ventilation and presence of water on an unventilated floor.

Mr C and Mrs C have provided a report from their surveyor which attributes the rot to a combination of the previous leak, and poor subfloor ventilation.

Whilst I acknowledge Mr C and Mrs C's surveyor's opinion on this, I am persuaded that it is more likely that the standing water on the oversite concrete which was seen by Admirals'

surveyor, and the damp and rot observed is as a result of the combination of factors identified by Admirals' surveyor than from the original escape of water.

This is because the I think it's likely that whilst the leaked water may have dampened the wall and the wooden floorboards at the time of the leak seven years ago, I agree with Admiral that the damp should have dried out after a short period if there had been adequate ventilation under the floor.

I note that both surveyors agree that there are high external ground levels to the rear elevation and gable and restricted sub floor ventilation. The high external ground levels are shown in the photographs to breach the damp proof course, and I note that Mr C's own surveyors have said that in order to complete the work, Mr C will have to first carry out preparatory work which includes lowering the external ground levels and installing additional sub-floor vents.

It's therefore clear that both surveyors agree that these factors have created the right conditions for the rot to occur, and that it has been something which has happened gradually over time as a result.

I note that Mr C has raised a query about why the rot identified is concentrated in the area where the leak had occurred, and not across all of the subfloor, and so I have queried this with Admirals' surveyor. He has responded that the walls at the perimeter were not inspected and may be better ventilated and subject to fluctuating conditions which are less likely to encourage dry rot. This explanation seems reasonable to me as there are some air bricks in the perimeter walls, which whilst inadequate to ventilate the whole of the subfloor, may allow some airflow around the edges meaning that the areas furthest away from the airbricks are likely to be more susceptible to damp.

I appreciate that it will be distressing for Mr C and Mrs C to have found that there is a significant issue in their home which needs costly repairs, but I am satisfied that in this case, Admiral have fairly applied the exclusion on the basis of sound evidence.

### **The delay in processing the claim**

There was some initial delay whilst Admiral located Mr C and Mrs C's original policy, and some further delay in getting the surveyors to provide an opinion. It isn't always necessary to send a surveyor, and as Mr C and Mrs C had provided photographs and a report from their own surveyor, Admiral were able to undertake a desktop review and determine the claim by the end of March, which was reasonable.

However, I appreciate that following his complaint Mr C and Mrs C had to chase Admiral, and there was some delay before Admiral did finally send a surveyor in August, and that this delay will have been frustrating for Mr C and Mrs C, although ultimately it didn't change the outcome.

I think that the investigators recommendation that Admiral pay Mr C and Mrs C £100 for the inconvenience cause by this delay is fair.

### **Putting things right**

I think that Admiral should pay Mr C and Mrs C £100 for the inconvenience caused by delays.

**My final decision**

My decision is that I uphold Mr C and Mrs C's complaint, and Admiral Insurance (Gibraltar) Limited should put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 13 April 2023.

Joanne Ward  
**Ombudsman**