

The complaint

Miss S complains about Admiral Insurance (Gibraltar) Limited's handling of a claim she made under her home insurance policy.

What happened

Miss S has a home insurance policy underwritten by Admiral. She first took it out in February 2020. It provides cover for contents, home emergency and some legal costs. Miss S's house is rented, so there's no cover for buildings.

She made a claim in October 2020 after her home was broken into. She said around £40,000-worth of valuables had been stolen, including jewellery and expensive watches.

In assessing the claim, Admiral found out that Miss S had suffered an earlier break-in at a different address, at a time when she'd had no insurance. They also discovered that Miss S's partner had made a previous claim for lost luggage (possibly including an expensive watch). And they were told Miss S had lost an engagement ring in a separate incident.

Admiral are still assessing the claim. But they've told Miss S that any settlement will be on a proportional basis because when she took out the policy, she hadn't told them about the previous losses, despite being asked to do so.

They say she paid around 71% of the premium she should have paid had she told them about the previous incidents. So, any settlement would be for 71% of the total value of the accepted claim items.

Miss S wasn't happy with this and made two complaints to Admiral (in late 2021 and again in May 2022). She also complained about the delay in the claim being resolved. And she said the loss adjuster appointed by Admiral had been offensive and had asked her unnecessary and upsetting questions.

At the time, there was also an issue about charges Admiral made after Miss S had cancelled her policy. I understand that issue has now been fully resolved.

Admiral responded to Miss S's complaints, saying there had been one instance of minor delay in the handling of the claim – for which they apologised. But they said they were entitled to ask questions of Miss S and her partner. And their investigations into the claim were legitimately on-going.

Miss S wasn't happy with this and brought her complaint to us. Our investigator looked into it and thought Admiral were entitled to make any settlement proportional because Miss S had made a careless misrepresentation of the facts when she applied for the policy.

However, she thought Admiral should make a decision on the claim and asked them to do so within four weeks if they accepted her view on the case (which was issued in December 2022).

Admiral disagreed and asked for more time to conclude their investigations. Our investigator maintained her position and again suggested Admiral make a decision on the claim within weeks. And she asked Admiral whether they accepted that or wanted the case to go to an ombudsman for a final decision.

In the absence of any response from Admiral, the case had been passed to me for a final decision, which will be binding on Admiral should Miss S accept it.

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.

When Miss S bought the policy on-line, she was asked:

"In the last five years have you or anyone living at the property made a claim under a household policy, or suffered any loss, damage or liability... whether insured or not..."

She indicated that she hadn't. Which was inaccurate, given the incidents listed in the section above. Miss S said she misread the question and thought she was being asked to declare any previous claims. She said she suffers from poor eyesight.

Admiral have accepted that was careless, rather than deliberate. Under the Consumer Insurance (Disclosure and Representations) Act (CIDRA), where there is such a careless misrepresentation by the customer, they are entitled to cancel the policy – if they wouldn't have offered it had they known the truth – or apply different terms to the policy and any claim(s) – if they would have offered cover but on a different basis.

Admiral *would* have offered cover to Miss S had they known about the losses in question but (perfectly understandably) that would have cost more because the risk would have been calculated to be higher.

That being the case, Admiral are entitled to settle any claim proportionally. Miss S paid 71% of the premium she should have paid. Admiral are entitled to pay only 71% of any accepted claim.

I'm absolutely satisfied that Miss S made a misrepresentation when she bought the policy. If she couldn't read the question, as she says, she could have asked for assistance and/or rung Admiral to buy the policy or get help in completing the on-line form. I don't think there's any reasonable argument to suggest that it's not careless to answer a question on an insurance application form when you are aware that you can't read it.

It's clear that it took Admiral some time to get to the bottom of Miss S and her partner's previous losses and/or claims. And to assess how that would affect the premium calculation and the settlement (if any) of this particular claim.

Further delays were caused, again through no fault of Admiral's, in waiting for the Police to provide their report into the break-in at Miss S's house. Admiral have also asked for information from Miss S and her partner on a number of occasions and that hasn't always been immediately forthcoming – if indeed it's been provided at all.

I should also say that this is not a straightforward claim. Admiral have concerns about the information they've been given. And I'm satisfied they had reasonable grounds to conduct the investigations they have and to ask Miss S and her partner the questions they say

they've found offensive and upsetting.

So, I don't think Admiral were responsible for any significant avoidable delays up to the point Miss S first complained to them (in late 2021). And I don't think Admiral's investigations have been unreasonable or unjustified. I understand that Miss S and her partner have found the experience uncomfortable and/or upsetting, but Admiral are entitled to ask them to substantiate and evidence their claim.

However, I do think Admiral have had all the information they need to make a decision on this claim, in line with the policy terms and conditions, since before the time Miss S's complaint was brought to us, in July 2022. Broadly, they've arguably had that information since at the latest the end of 2021 or early 2022.

In response to our investigator's view, Admiral said they were awaiting further information before they made a decision about the claim. And that it wouldn't be reasonable to ask them to make a decision before they had that information.

In large part, the information Admiral appear to be waiting for could only be provided by Miss S and/or her partner. And I don't think it's reasonable for Admiral to hold the claim decision now in the expectation of getting anything more from them.

As I say, it's for Miss S to substantiate her claim and allow Admiral to validate it. Admiral have asked for information from Miss S on a number of occasions – and they've interviewed Miss S and her partner. I don't think it's unreasonable to say that Admiral have now got all the information they're going to get from Miss S and her partner.

If Admiral take the view that the claim has not been properly substantiated – in whole or in part – they should decline the claim (or the parts of it that haven't been substantiated) and explain to Miss S why they've taken that decision.

If Admiral are still awaiting any information from third parties, fully 27 months now after the claim was made, I don't think that can be justified. And I'd suggest that any such information is most likely only peripheral to the main issues relating to the claim.

Putting things right

I'm satisfied on balance that Admiral have all the information they need and/or are likely to be able to obtain in order to make a decision about Miss S's claim. And I'm satisfied they had that information before Miss S made her latest complaint to them (in May 2022), which she then brought to us.

That being the case, Admiral should make a decision on the claim – and explain it fully to Miss S – within four weeks of Miss S's acceptance of this, my final decision on the case. That assumes of course that Miss S does in fact accept this final decision. If she doesn't accept it, the outcome will not become binding on Admiral.

It also assumes that no further relevant and significant information – which might justifiably require Admiral to carry out further investigation – has come to light since mid-December when our investigator issued her view on the case to both parties.

My final decision

For the reasons set out above, I uphold Miss S's complaint.

Unless new information – which reasonably justifies further investigation on their part - has

come to light since our investigator issued her view on this case in December 2022, Admiral Insurance (Gibraltar) Limited must make a decision on Miss S's claim – and explain it to her in full – within four weeks of her acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 23 February 2023.

Neil Marshall
Ombudsman