

## **The complaint**

Miss R is unhappy that Admiral Insurance (Gibraltar) Limited (AIL) declined her claim under her buildings insurance for an escape of water.

## **What happened**

Miss R noticed water dripping through her kitchen ceiling, which she believed was caused by a leak from her shower in the bathroom above. On advice from AIL, she arranged for leak detection using a company I'll refer to as T.

T issued a report which explained the tests it had carried out and indicated the leak was likely from the shower waste. Miss R asked AIL to cover the cost of her claim, so it arranged for its own loss adjuster, who I'll call B, to attend.

B said there was no evidence of an insured cause, and the water damage was due to failed sealant and grout. AIL declined Miss R's claim under the policy exclusions for water damage resulting from failed sealant and for gradually occurring damage.

Miss R complained to AIL and raised her claim again. She provided a second leak report prepared by T which stated again that the leak was from the shower waste.

AIL again arranged for B to attend. B found no evidence of a leak and thought that the newly wet floor had been staged. AIL declined the claim again because there was no insurable cause.

Miss R complained to AIL about its decision to decline her claim. She also complained about the delays in handling her claim and its lack of communication. AIL agreed she'd experienced some poor service and offered £100 by way of apology. But it maintained its decision to decline the claim, so Miss R brought her complaint to this service.

Our investigator upheld Miss R's complaint about the claim handling. While AIL had made an offer in recognition of its standard of service, he didn't think it was enough. Our investigator proposed increasing the compensation from £100 to £200. But our investigator didn't think AIL had unfairly declined the claim, so he didn't uphold this part of Miss R's complaint.

Miss R didn't agree and remained of the opinion that AIL should accept her claim. She said AIL had never mentioned to her anything about the wet floor being staged, and she wanted AIL to pay her for the cost of trace and access which it had told her to have done.

I issued a provisional decision in February 2023 explaining that I was intending to uphold Miss R's complaint. Here's what I said:

### ***provisional findings***

*There doesn't appear to be any dispute that AIL failed to respond to Miss R on multiple occasions, or that it caused avoidable delays. While Miss R didn't think compensation of*

*£200 was fair, it seems that's because she linked it to the cost of the work she needed to have done.*

*But I must point out that this sum is only in recognition of those failures – it isn't intended to cover any part of the leak detection or repair costs. So, having looked at the service failures, £200 appears fair and reasonable and I don't plan to ask AIL to increase the compensation beyond this.*

*Turning now to the claim itself, based on the evidence available to me, I'm not persuaded that AIL has declined Miss R's claim fairly. I asked AIL to provide clarification of some comments in its account notes which caused me to question the findings of its contractor. I also asked for a copy of both reports prepared by its contractor, B. AIL didn't provide the information I asked for.*

*So, for the following reasons, I'm minded to uphold Miss R's complaint about AIL's decision to decline her claim:*

- T's first report detailed the tests undertaken to trace the leak and concluded that the leak was most likely from the shower waste. This supports her claim.*
- T didn't comment on any problems with the sealant but recommended re-sealing the valves and whole shower, then monitoring for a leak. AIL's notes state the valve would be covered under the policy.*
- In T's second report, it detailed the tests undertaken and identified a leak from the shower waste. T carried out the repair. Based on the evidence of tests carried out, I find this report persuasive.*
- After B's first visit, it declined the claim stating that the cause given by T – sealant and grout failure – wasn't covered under the policy. But I haven't seen any evidence that T commented on the condition of the sealant.*
- At its second visit, B reported that the wet area under the shower was staged, and the waste had been loosened. But B's visit was after Miss R had the waste repaired by T, and she explained that she'd had another small leak which wasn't part of her claim.*
- B also reported that sealant had been applied over old sealant. That's in keeping with the recommendation T made, so I don't find that to be clear evidence of a repair of failed sealant.*
- AIL only provided a copy of one report despite B making two visits.*

*Overall, I note that Miss R's contractor consistently reported that the leak was from the shower waste, while AIL's contractor failed to evidence the cause and incorrectly cited the cause reported by T.*

*Further to this, I've seen considerable doubt about the cause of the leak reflected in AIL's notes. Its agents recorded that B's report wasn't consistent and challenged its allegation that T found the leak to be caused by failed sealant.*

*Indeed, AIL said there was no reference to sealant at all in T's report.*

*Given that AIL itself was unable to place reliance on B's report of the leak, and the evidence overall supports Miss R's claim that the leak was from her shower waste, I don't think AIL fairly declined her claim for the reason it gave.*

*I said I was intending to require Admiral Insurance (Gibraltar) Limited to:*

- settle Miss R's claim for the damage caused by the escape of water in line with the policy terms and conditions,
- consider Miss R's trace and access costs in line with the policy, and
- pay £200 compensation for the repeated failure to respond to Miss R and for the avoidable delays it caused.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Miss R accepted my provisional decision. She also provided more photos of the damage in her home caused by the escape of water, and information about the cost of repairs.

ALL sent a copy of the missing report.

### **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.

Having done so, I've decided to uphold Miss R's complaint.

Miss R provided more information for me to consider which simply supported her complaint. It didn't warrant a change to the outcome.

ALL sent in the missing report, completed by B on its first visit to Miss R's home. The report and supporting photos confirm that B agreed there'd been an escape of water (EOW). Crucially, I note the following comment in the report:

*"Damage is consistent with EOW and the claim has been accepted."*

Further into the report, B said providing Miss R can supply evidence from the contractor who identified the cause of damage, the claim should be settled according to B's scope of works.

ALL was unable to find where B's reference of failed sealant came from, which is what it relied on to decline Miss R's claim.

In light of the report not previously available to me, I'm satisfied that it supports my findings in the provisional decision. Therefore, I see no reason to make any changes.

## **My final decision**

For the reasons I've explained above, and in my provisional decision, I uphold Miss R's complaint and Admiral Insurance (Gibraltar) Limited must:

- settle Miss R's claim for the damage caused by the escape of water in line with the policy terms and conditions;
- consider Miss R's trace and access costs in line with the policy, and
- pay £200 compensation for the repeated failure to respond to Miss R and for the avoidable delays it caused.

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

Debra Vaughan  
**Ombudsman**