

The complaint

Mr and Mrs C complain about Admiral Insurance (Gibraltar) Limited (“Admiral”) and the way it handled their home insurance claim as well as the settlement offer it’s paid.

Admiral is the underwriter of this policy i.e. the insurer. Part of the complaint concerns the actions of the agents and contractors. As Admiral has accepted it is accountable for the actions of the agent, in my decision, any reference to Admiral includes the actions of the agents and contractors.

What happened

Mr and Mrs C have home insurance with Admiral.

They made a claim to Admiral when they discovered a leak in their bathroom in May 2022 which caused damage to the main ensuite, the floor of the adjoining suite, and the decoration of the hall, stairs, and landing.

Mr and Mrs C say Admiral delayed validating and settling the claim and a settlement offer wasn’t received until July 2022 and it wasn’t adequate.

Mr and Mrs C say Admiral have been uncontactable and have not returned calls as agreed or within promised timescales. They also say the contractors have failed to attend appointments. They say Admiral’s inability to schedule repairs has caused significant delays as well as stress and anxiety.

Mr and Mrs C have been without use of their bathrooms for two months. They say there was damage to the decoration and flooring on the ground floor, in addition to the damage to the ensuite shower rooms on the first floor.

Mr and Mrs C have provided Admiral with a quote from their own contractor for the repair works despite them not wanting a cash settlement. Admiral made a settlement offer but Mr and Mrs C don’t believe it is enough to allow them to have the works completed by their own contractor.

Mr and Mrs C thought Admiral would cover the renewal of the whole floor covering and any associated works if damaged. Their flooring passes unbroken with no joints through their hall, lounge, playroom, and under the stairs and so they think it should be considered one floor covering.

Mr and Mrs C complained to Admiral who upheld most of their complaint points. Admiral accepted the claim hadn’t been proactively managed and they hadn’t always been kept informed. By way of an apology Admiral paid Mr and Mrs C £300.

Mr and Mrs C weren’t happy with the response from Admiral so they referred their complaint to this service. Our investigator looked into things for them. He recommended Mr and Mrs C allow Admiral to check the moisture levels by pulling up some of the flooring in the hallway. He said if the flooring couldn’t be repaired or replaced then he would ask Admiral to pay 50%

of the cost to replace the floor. The investigator said he thought the cash settlement was reasonable so if Mr and Mrs C didn't want the flooring to be looked at then he wouldn't ask Admiral to do anything further in respect of the complaint.

The investigator also said he wasn't able to see evidence of delay in Admiral's handling of the claim or with scoping the works. He also said the total compensation offered of around £300 was fair and reasonable in the circumstances of the complaint.

Mr and Mrs C disagreed with the investigator's outcome. They said their floor is continuous and unbroken moving between different rooms and therefore they say it constitutes a single floor covering. And by only replacing part of it means they aren't left in a pre-loss condition.

Because Mr and Mrs C didn't agree the complaint has come to me to decide.

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 think the offer of compensation made by Admiral is reasonable and fairly addresses the complaints Mr and Mrs C have raised. I've focused my comments on what I think is relevant. If I haven't commented on any specific point it's because I don't believe it's affected what I think is the right outcome. For ease I have separated the complaint into what I think are the key issues.

First I want to recognise the impact this complaint has had on Mr and Mrs C. I don't doubt the disruption and upset they would have suffered as a result of the leak and damage in their home. It's clear the leak caused significant damage to their property and led to them not having full bathroom facilities.

It is not in dispute there have been avoidable delays during the claim process. It's also not in dispute there has been some confusion over what is and isn't included in the scope of works owing to the involvement of two different contractors acting for Admiral. I think this led to a breakdown in communication. As these aspects aren't in dispute I don't intend to discuss them further. Instead I will reflect and comment on these when I think about what Admiral has offered to put them right.

The flooring

I can see why Mr and Mrs C aren't happy they were told the flooring would be included in the scope of works, and then were told it wouldn't be. I can see originally the contractor believed the readings from the hallway flooring showed it was dry. A subsequent contractor said the flooring was water damaged and so it would need to come up. Admiral said following discussions with the technical team and a review of the moisture readings the flooring was classed as dry. But if Mr and Mrs C had reservations with the flooring being wet underneath then they could agree for the skirting to be removed and tested that way. I understand Mr and Mrs C weren't happy with this course of action as they felt the edge of the flooring wouldn't give an accurate reading. But I can't say that Admiral did anything wrong in making this suggestion in an attempt to resolve the claim.

Matching sets

Mr and Mrs C believe Admiral should meet the cost of replacing all the flooring in their hall, lounge, playroom, and under the stairs as its one continuous piece of flooring. I've looked at the policy terms relating to matching sets. The policy says, "*each individual item from a*

matching set or suite of items, such as bathroom or kitchen units, floor coverings or furniture, is considered to be a single item. We will not pay for the other items in the set."

The policy goes on to say, *"if part of a floor covering is damaged beyond repair, and we cannot find a replacement for that part, we will pay for repairing or replacing the whole suite or floor covering."* But, *"loss of or damage to floor coverings in adjoining rooms or clearly identifiable separate areas"* are not covered.

Admiral considers the lounge, hallway, and playroom to be separate areas of flooring. That's because each room/area has a doorway dividing it from the next. So it says it will only replace the damaged hallway flooring.

But I don't think Admiral has considered this part of the claim fairly. The photos show Mr and Mrs C clearly intended the flooring downstairs to match. There's no door bar separating each area and in my view, the flooring is continuous throughout the rooms. So I think Admiral should treat the lounge, hallway, and playroom flooring as matching. Without replacing all the areas there will be a loss of this match. This means I think it would be reasonable for Admiral to pay fair compensation for the loss of match.

However I don't think it would be fair for me to direct Admiral to pay the full cost of replacing the lounge and playroom flooring, given it hasn't been damaged. It isn't strictly covered by the policy terms. So I've thought about what would be a fair and reasonable compromise for both parties. I think the fair outcome for this complaint would be for Admiral to pay 50% of the cost of replacing the undamaged lounge, playroom, and under stairs flooring.

The settlement

I can understand why Mr and Mrs C have been left upset and frustrated when they realised the cash settlement from Admiral wouldn't cover the full cost of their own scope of works. And I recognise they would question the fairness, and use, of the policy because of this.

But for me to say Admiral should cover the full costs of Mr and Mrs C's repair quote I'd first need to be satisfied Admiral had done something wrong when offering the cash settlement they did. So I'd need to see evidence that shows when offering the settlement Admiral failed to act within the terms of the policy. Or if I think they did act within these, that it was unfair of them to do so. And in this situation I don't think this is the case.

The terms and conditions of the policy says;

"We will decide to either:

- Pay the cost of repairing the item*
- Replace the item as new, or*
- Pay in cash or vouchers up to the amount we could repair, restore or replace the item for."*

I think this condition makes it reasonably clear the cash settlement Admiral provided may be lower than the repair quote put forward by Mr and Mrs C. And so, I think Admiral have acted in line with the terms and conditions of the policy when doing so.

Mr and Mrs C have said the cash settlement Admiral has offered isn't enough to cover the work, and the settlement should be the cost to them of getting the work done. But most insurers have established relationships with building companies who agree rates that tend to be below the market price. Admiral's notes suggest Mr and Mrs C wanted a cash settlement, although they dispute this. I think it's fair for Admiral to pay Mr and Mrs C what it would have

cost it if it had used its approved repairers. This might be less than it would cost Mr and Mrs C to arrange for the repairs themselves. I should also note the scope of works in Mr and Mrs C's quote includes replacing all of the downstairs flooring which isn't something Admiral would cover under the terms of the policy.

I have reviewed the assessment of cost and I don't think it was unreasonable. I say this because it does provide a breakdown of the repairs required and I haven't seen it missed any necessary repairs. So I don't think it was unfair of Admiral to have relied on this information when reaching the settlement figure. And because of this, I don't think Admiral needs to do anything more.

The claim delays

Mr and Mrs C feel Admiral didn't communicate with them as they would have expected. I have reviewed the information provided by both sides. I can see Mr and Mrs C had to chase Admiral on more than a few occasions, and there were times when they were told things would happen that then didn't happen, such as instructing the contractor.

Admiral accepted it didn't communicate with Mr and Mrs C as it should have and I have discussed this further below.

Compensation

Having reviewed all of the documentation it was clear to me an award was due for the distress this whole episode caused Mr and Mrs C during this time. However, dealing with an insurance claim involving such damage is inevitably inconvenience and taking time off work or making phone calls and responding to emails is necessary for a lot of cases like this. And I wouldn't award compensation for what would be considered the normal handling of an insurance claim.

I can see there has been some confusion on what was covered in the claim in respect of repairing the damage, and I can see Mr and Mrs C have been frustrated at having to chase Admiral for updates and information. I think this was unfortunate but I'm pleased Admiral recognised it could have provided a more proactive and transparent process and paid £300 compensation for the distress and inconvenience caused. I think this is a fair award for the level of upset it is likely to have caused during the claim.

I appreciate my answer will be disappointing for Mr and Mrs C, but I think Admiral's offer to settle the claim was fair and in line with the terms of the policy. And I think the £300 is reasonable compensation for the delay and customer service issues Mr and Mrs C experienced.

Putting things right

For the reasons explained above Admiral needs to do the following;

- Contribute 50% of the cost towards the replacement of the undamaged flooring in the lounge, playroom, and under the stairs.

To be clear in settling Mr and Mrs C's claim Admiral will need to replace or repair the damaged parts of the flooring as per the terms of the policy, if indeed it needs to be repaired or replaced. And Admiral will carry 100% of the cost of that. I understand Admiral has already made payment for the hallway flooring within the cash settlement.

Admiral will also need to pay 50% of the cost of replacing the undamaged parts of the downstairs flooring. That's in line with our usual approach where repairs or replacements can't be made to match the undamaged parts.

My final decision

For the reasons explained above I am upholding this complaint and direct Admiral Insurance (Gibraltar) Limited should do what I've set out 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 25 April 2023.

Kiran Clair
Ombudsman