

The complaint

Ms L and Mr R complain about Admiral Insurance (Gibraltar) Limited (“AIL”) and the service they received following the claim they made on their home insurance policy.

Ms L has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Ms L or Mr R as “Ms L” throughout the decision.

What happened

Ms L held a home insurance policy, underwritten by AIL. Unfortunately, in March 2022, Ms L discovered a leak in her property, coming through the ceiling in her lounge. Initially, Ms L sourced a local contractor in an attempt to fix the leak. But this contractor wasn’t able to fix the leak and so, Ms L made a claim on her home insurance policy to access and fix the leak, as well as repair any damage caused during this process.

AIL accepted Ms L’s claim. And they appointed a loss adjustor, who I’ll refer to as “D”, to manage the claim on their behalf. So, AIL were responsible for the actions of D during the claim.

D inspected the damage and agreed the work that needed to be completed. Ms L sought quotes from a local contractor, who I’ll refer to as “X”, to complete this work, and D authorised these costs. The repair work began in early May, with Ms L and her family being placed in alternative accommodation while the works were completed as their bathroom wasn’t usable. Ms L was also able to claim for disturbance allowance during this time.

The works were completed, but following this, repainting was needed in Ms L’s bathroom and lounge. And she wanted AIL to cover the costs of this as part of the claim. AIL refused to do so, and Ms L was unhappy about this, so she raised a complaint.

Ms L didn’t think AIL’s refusal to cover the costs of the paintwork was fair. And she also complained about the service she’d been provided during the claim, including and not limited to the lack of communication and AIL’s failure to make it clear what disturbance allowance she could claim.

AIL responded to the complaint and didn’t uphold it. They thought the painting required was to rectify the workmanship of X and so, they didn’t think the costs of this was something they were responsible for. AIL also thought the service they had provided was fair, and that Ms L was provided with her entitlements under the policy she held. So, they didn’t think they needed to do anything more. Ms L remained unhappy with this response, so she referred her complaint to us.

While the complaint was with our service, AIL acknowledged Ms L hadn’t been paid her full disturbance allowance entitlement. So, they offered to pay Ms L the difference she was owed, plus 8% statutory interest on this amount.

Our investigator looked into the complaint and upheld it. They thought the increase in the

disturbance allowance of £20 plus 8% interest was a fair one, and in line with the policy terms. So, they thought AIL should pay this amount. And they thought, based on the information available to them, that the painting required to the bathroom and lounge most likely resulted from the repairs needed under the claim. So, they thought AIL should cover the costs of this, on receipt of invoices from Ms L. But they didn't think AIL needed to compensate Ms L for the handling of the claim, as our investigator thought it had been progressed as they would've expected.

Ms L accepted this recommendation. But AIL didn't. AIL maintained that, as Ms L accepted a cash settlement offer for the claim and arranged the repairs through her own contractor, any damage caused by X weren't their responsibility to cover the costs of. And they thought the painting was required due to workmanship of X. So, they didn't think they needed to do anything more. As AIL didn't agree, the complaint has been passed to me for a decision.

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'm upholding the complaint for broadly the same reasons as the investigator. 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.

I note that both AIL and Ms L have raised no objections to the additional payment of £20 plus 8% interest to ensure Ms L receives the full disturbance allowance she is entitled to. As this hasn't been challenged, or disputed, I have assumed this is accepted by both parties and haven't considered this any further.

I also note neither has raised any objections or challenges to our investigators view that the claim itself was progressed as it should've been. So again, I have assumed acceptance from both parties and won't be considering this aspect of the complaint any further. Instead, I've focused on the main area of dispute, which centres around the painting that is required to Ms L's home, and whether or not AIL should cover the costs of this.

Ms L feels the costs of this should be covered by AIL. But AIL feels the painting is required due to the workmanship of X, who Ms L appointed herself following a cash settlement. As both parties disagree directly, I've based my decision on the information available to me, considering the balance of probabilities and what is most likely to have happened, to decide whether or not I think AIL have acted fairly here. And I don't think they have.

I can see in an email from D to AIL on 25 May, they recognise there may be some damage to the paintwork in both the bathroom and lounge caused by X and their failure to take the appropriate level of care. But, also within this email, D agree that some of the damage to the paintwork is present in the areas where the work was completed. And, that the damage was likely to have been caused by the repair work approved under the claim, such as the removal of coving. And D agreed that Ms L's ceiling would need repainting and that no provision was made for this, or it's cost, by X in their quote.

The email goes onto express D's opinion that there is an overlap between damage that may have been caused by X, and the damage that would've most likely been directly caused by the repairs needed as part of the claim.

So, I think it's accepted by D that there was repainting needed to ensure the ceiling and walls in the lounge and bathroom were returned to the state they were in before the repairs

began. And I would've expected AIL to cover the costs of this work under the policy Ms L held. And I can't see they have, or that they took D's comments into any form of consideration.

I've also seen no substantive evidence that I think fairly states what paint work damage has been caused by X, rather than the repairs needed as part of the claim. And, that it was something X did wrong that led to this damage being present. I would've expected AIL to take steps to confirm and clarify this and I don't think I can say they have to the level I'd expect here.

So, without this, I don't think I can say AIL have acted fairly when deciding not to cover the costs of the repainting in its entirety. As I don't think AIL have acted fairly, I've then thought about what I think AIL should do to put things right.

Putting things right

Any award or direction I make is intended to place Ms L back in the position she would've been, had AIL acted fairly in the first instance.

AIL have already agreed to pay Ms L the additional £20 she is owed under the disturbance allowance, plus 8% statutory interest from the date this should've been paid, to the date of payment. I think this offer is a fair one, that places Ms L back in the position she should've been in and the 8% interest compensates Ms L fairly for the time she was without these funds.

I've then thought about what I think AIL should do regarding the painting. I think it's reasonable for me to assume that having to make access through a ceiling, and the removal of coving and tiles etc, would create damage to the walls and ceiling that would require painting to put things back to the way they would've been, before Ms L had needed to claim.

So, I would've expected AIL to cover the costs needed for this. And I can't see that they have. And I think this has left Ms L living in a home that hasn't been fully repaired for an extended period of time, through no fault of her own.

I also have no substantive evidence that I think makes it clear exactly what painting needed is related to the claim repairs, or the poor workmanship of X. Or, that X did fail to carry out the repairs in a reasonable manner.

So, because of the above, had AIL acted fairly, I think they would've looked to cover the costs of the repainting needed in both rooms impacted by the claim repairs. And so, this is what I think AIL should do on this occasion. And by covering all of the painting in full, I think this fairly reflects the amount of time Ms L was without the painting required to the walls that D have accepted would definitely have been impacted by the claim repair.

But I would only expect AIL to pay Ms L upon the receipt of sufficient invoices, which contain sufficient information regarding the paint and the work carried out. So, Ms L should look to provide this information once the work has been completed, if it still remains outstanding.

My final decision

For the reasons outlined above, I uphold Ms L and Mr R's complaint about Admiral Insurance (Gibraltar) Limited and I direct them to take the following action:

- Pay Ms L and Mr R £20 plus 8% statutory annual interest from the date the disturbance allowance was paid, until the date of payment, if this has not already

been done; and

- Pay Ms L and Mr R the costs they incur repainting the bathroom and lounge, upon receipt of sufficient invoices.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L and Mr R to accept or reject my decision before 18 May 2023.

Josh Haskey
Ombudsman