

## The complaint

Mr W complains that Admiral Insurance (Gibraltar) Limited unfairly declined his home insurance (buildings) claim.

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

## What happened

In May 2022, Mr W made a claim under his home insurance (buildings) policy with Admiral after discovering an escape of water in his home. Mr W was having a new kitchen installed along with some other home improvements. A leak was identified after skirting boards were removed.

Admiral arranged for surveyors (company "B") to visit the property to carry out an inspection. Following this, Admiral declined Mr W's claim. Mr W was told the cause of damage was considered to be due to a long term leak and not the result of an insured cause. Mr W complained to Admiral about its decision to decline his claim as well as the service he'd received from it and from B.

Admiral said it could see no errors in the service Mr W had received. It said B had been appointed the same day Mr W had reported his loss. They had visited and sent their full report five days later.

Admiral said B advised Mr W that due to a lot of work already completed by himself, they would need evidence of the loss. It said it couldn't accept the evidence Mr W had provided of his water bills as they were not conclusive. Admiral said Mr W had no photographs from before the work and it wasn't able to validate his claim as it couldn't see if gradual causes were ignored.

Mr W remained unhappy and asked our service to consider his complaint.

I issued a provisional decision on 14 April 2023 where I explained why I intended to uphold Mr W's complaint. In that decision I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Based on what I've seen so far, I intend to uphold Mr W's complaint. I'll explain why. From what I've seen and been told, the damage to Mr W's property was caused by a leak coming from a main cold water pipe, with water leaking under the floor.*

*The terms of the policy provide cover for loss or damage to buildings due to:*

*"Water escaping from any:*

- fixed water tank
- water pipe
- fixed central-heating system: or
- domestic appliance”

*Admiral says it declined Mr W’s claim because the damage to his property was considered to be due to a long term leak and not as the result of an insured cause. So, it seems to be relying on a general exclusion that says it will not cover a policyholder for:*

*“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.”*

*The available evidence suggests that the water was leaking for several months, and the damage happened gradually. So, strictly speaking, the exclusion would apply. However, I also need to consider if Admiral has treated Mr W fairly and reasonably.*

*Mr W says he wasn’t aware of the damage until skirting boards were removed as part of the renovations to his property.*

*In its final response to Mr W’s complaint dated 6 June 2022, Admiral said: “You have no photographs before the work started and without being able to validate, your claim was declined as we are unable to see if gradual causes were ignored.”*

*Mr W says he wasn’t previously asked for photographs of his property before the work started. The day after Admiral’s final response (on 7 June 2022), Mr W emailed a number of photographs of his property, which he says were taken in April and May 2022, before the work commenced.*

*Admiral says it didn’t receive this email. But it was sent to the address Mr W had sent a previous email to. And Mr W has also provided a copy of a letter he received from Admiral dated 10 June 2022, which says:*

*“I have sent these photographs to our Claims Department who will then contact (B) for you. After they have received these photographs, they can proceed with your claim.”*

*However, neither B nor Admiral appear to have considered the photographs. Admiral still hasn’t commented on these, despite our investigator giving it several opportunities to do so. And Mr W has told us his claim was closed in July 2022.*

*Having reviewed Mr W’s photographs, I’m not persuaded that he should reasonably have been aware of the damage happening gradually. I can see mould in the photographs included in B’s validation report from its inspection on 13 May 2022. However, the mould appears to be where the skirting boards would have covered the walls so I don’t think this would have been visible prior to their removal. It’s not apparent in the photographs Mr W has provided of his property prior to the start of the renovations.*

*I don’t think Mr W was likely to have known about the escape of water until the renovations to his property began. Mr W appears to have made his claim as soon as he became aware of the damage. So, I don’t think it’s reasonable for Admiral to have relied on the “gradual causes” exclusion to decline the claim.*

*Admiral has also commented that the surveyor (from B) believed the leak had been going on for many years. However, the report suggests that they reached that conclusion because “the customers’ builders believe that the leak had started prior to the customer’s purchase of the property.” Mr W says his builder didn’t say this, they said it could have been going on for years or it could only have been a matter of months and would depend on the rate the water was leaking.*

*Reports from another surveyor and plumber who attended the property around the same time, estimate that the water had been leaking for around 6 to 8 months. Mr W’s policy schedule shows that his policy was renewed in August 2021. So, I think the damage was likely to have happened, whilst Admiral was insuring Mr W’s property.*

*I don’t think Admiral acted fairly in declining Mr W’s claim. Mr W says he’s had to commence the remedial work to rectify the water damage himself, so I think it would be fair for Admiral to reimburse him for this, in line with the remaining terms of the policy. And I think it would be fair for Admiral to pay interest on the cost of repairs, at a rate of 8% simple from the date Mr W paid for these until the date it reimburses him.*

*I also intend to award £250 for the distress and inconvenience Mr W experienced due to Admiral’s poor service. Admiral failed to consider the photographic evidence Mr W supplied, despite acknowledging its receipt via email. I think this caused some unnecessary frustration for Mr W and has delayed the matter being resolved.”*

I set out what I intended to direct Admiral to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

## **Responses**

Mr W said he had no additional information to raise, and he was satisfied with my provisional decision. He raised some concerns that Admiral might not settle his claim in a reasonable way.

Admiral said it agreed with the findings I’d reached in my provisional decision. It agreed that Mr W was unaware of the leak, and it was likely to have started when he was insured with Admiral.

## **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.

As both parties agree with the conclusions I reached in my provisional decision, I see no reason to change them.

I appreciate Mr W has concerns about Admiral not settling his claim, given the difficulties he’s experienced. However, Admiral has now agreed to settle the claim and my final decision will be legally binding if Mr W accepts it.

## **Putting things right**

Admiral should:

- Settle Mr W’s escape of water claim in line with the remaining terms and conditions of the policy.

- Pay interest on the cost of repairs, at a rate of 8% simple\*, from the date Mr W paid for the repairs to the date it reimburses him.
- Pay Mr W £250 for distress and inconvenience.

\*HM Revenue & Customs requires Admiral to deduct tax from this interest. Admiral should give Mr W a certificate showing how much tax it's deducted, if he asks for one.

### **My final decision**

For the reasons I've explained, I uphold Mr W's complaint and direct Admiral Insurance (Gibraltar) Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 25 May 2023.

Anne Muscroft  
**Ombudsman**