

The complaint

Mr P complains about Admiral Insurance (Gibraltar) Limited's handling of a claim on his home insurance.

What happened

Mr P had an Admiral home insurance policy. In April 2022, he called Admiral to ask if he could “*upgrade*” his policy to landlord insurance as he'd be moving out of his home and letting it to tenants. He moved out on 30 April 2022.

The following day, he discovered that his TV and another item had been damaged during the move. He made a claim to Admiral.

Admiral declined Mr P's claim and avoided his policy. It said:

- Mr P hadn't told it in advance the exact date he'd be moving out of his home.
- His policy would be avoided from 30 April 2022 – the date he'd moved out – because his policy didn't cover tenanted properties.
- Mr P said his belongings were damaged on 1 May 2022.
- As the policy was avoided from 30 April, the damage to these items wasn't covered.

Mr P was unhappy with this and brought his complaint to this service. He's unhappy Admiral declined the claim for damage to his belongings, that it recorded his policy as being avoided by the insurer, and that it took his May 2022 premium even though it cancelled his policy.

Our investigator recommended that Mr P's complaint should be upheld in part. He was satisfied that Admiral's decision to decline the claim was reasonable. However, he didn't think it was fair for Admiral to record Mr P's policy as avoided by the insurer. Mr P had told Admiral he was going to move out and let his home and did so. Our investigator thought Admiral should amend its records to show that Mr P cancelled the policy on 30 April 2022. He also asked Admiral to confirm it had refunded Mr P's May 2022 premium.

Admiral disagreed with our investigator, so the case was passed to me to make a final 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.

There are three issues in this complaint: Mr P's claim for damage to his belongings; Admiral's record of the policy cancellation; and Mr P's May 2022 premium. I've considered each below.

Mr P's claim for damage to his belongings

Page 25 of Mr P's policy booklet says he's covered for “*accidental damage to contents while*

*they are being moved, **by a professional removals company**, to your new home....”* [my emphasis]. The booklet also says loss or damage to fragile items isn’t covered “*unless they were packed by professional packers*”.

Mr P told us the removal was done by a family friend and there was no contract in place for this. The items were shipped overseas and the damage to his TV – and, presumably, the other item – was discovered when it was unpacked the following day.

The removal wasn’t carried out by a professional removals company. It’s also possible Mr P’s belongings were damaged in transit the day after the removal, rather than during the removal itself. So I’m satisfied that the damage to Mr P’s belongings isn’t covered by his policy. I understand that Mr P accepts this.

Admiral’s record of the policy cancellation

Admiral recorded the termination of Mr P’s policy as an “*insurer-led avoidance*”. Mr P is worried about the impact of this on his future insurance premiums. He’d like Admiral to record this as him cancelling the policy on 30 April 2022.

Despite our investigator’s recommendation, Admiral has refused to do this. It told us:

“Even though [Mr P] made us aware of the intention to move out and let the property at the time of the call there was no exact date, and [Mr P] would still need to inform us beforehand if the property will no longer be your home address or if you plan to rent out your home or use it as a holiday home [sic].”

It referred Mr P to page 12 of his policy booklet¹. This says: “*If you do not tell us about any corrections or changes, this could mean that we do not pay your claim, we reduce the amount you can claim for, or we declare your policy void (consider it to have never existed).*”

I don’t really understand Admiral’s stance. It has said it “*voided*” the policy from 30 April 2022. But every mention of avoidance in the policy booklet – for example, the section ‘Welcome to your Home Insurance policy’, as well as pages 12, 38 and 39 – says this means the policy is treated as if it never existed. That isn’t what happened here. Mr P was covered from June 2021 until he moved out of his home. So, Admiral has cancelled – not avoided – the policy.

Admiral accepts that Mr P told it he was moving out of his home and letting it to tenants. The 20 April 2022 call recording confirms this. While Mr P didn’t give the date of his move, Admiral’s advisor didn’t ask him and transferred his call to another department.

Mr P’s phone record shows this call lasted 16 minutes. Admiral provided only four minutes of the recording. It says Mr P must have hung up before being transferred to one of its landlord insurance advisors. However, Mr P gave details of the conversation after being transferred in his May 2022 complaint to Admiral, just over two weeks after his claim.. He said Admiral’s advisor told him it didn’t offer rent guarantee as part of its landlord insurance, and he should get this cover elsewhere. I don’t see how Mr P would have known this unless he’d spoken to an advisor.

I’m satisfied that Mr P told Admiral of his intention to move out. I think it’s likely he also spoke to one of Admiral’s advisors about landlord insurance. I agree he didn’t give an exact date for the move, however he contacted Admiral a few days after moving out to say he’d moved. I know he did this while making his claim, however I think Admiral’s decision to avoid

¹ This section is on page 11, not page 12

the policy was unreasonable. It would have been much more reasonable simply to decline the claim – for the reasons I’ve set out – and agree to cancel the policy.

Recording the policy as avoided by the insurer has the potential to impact Mr P’s future premiums. Given the circumstances of this case, I think that would be disproportionate and unfair.

For the reasons above, I think Admiral should remove any information from any internal or external databases that shows an avoidance of the policy. Instead, it should record the policy as cancelled by Mr P on 30 April 2022.

May 2022 premium

Mr P said Admiral took his May 2022 premium on 26 May 2022. We asked Admiral about this. It told us a £28.31 “*charge*” was “*incorrectly attached to the policy*”. It said this was stopped and never charged.

However, in the emails Admiral sent to us, one of its advisors said she “*had to get accounts to do the refund*” when she handled the case in May/June 2022. This suggests the premium **was** taken, otherwise there’d be no reason for her to ask her colleagues to arrange a refund. We asked Admiral to clarify this, but it didn’t reply.

Given the evidence – and Admiral’s failure to clarify this point – I think it’s likely that Admiral took Mr P’s May 2022 premium and hasn’t refunded it. Unless it can show that it has already refunded this, Admiral should pay £28.31 to Mr P as soon as possible. It should also add interest to this amount at 8% simple per year.

My final decision

My final decision is that I uphold the complaint in part and order Admiral Insurance (Gibraltar) Limited to:

- Remove any information from any internal or external databases that shows an avoidance of the policy.
- Record the policy as cancelled by Mr P.
- If it hasn’t already done so, refund Mr P’s May 2022 premium of £28.31. It should add interest to this at 8% simple per year from the date it took the payment to the date of settlement.

If Admiral considers that it’s required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr P how much it’s taken off. It should also give Mr P a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 11 July 2023.

Simon Begley
Ombudsman