

The complaint

Mr D has complained about the way Admiral Insurance (Gibraltar) Limited handled a claim he made under his home insurance policy for subsidence.

What happened

As the circumstances aren't in dispute, I'll summarise the main points:

- Mr D got in touch with Admiral in late 2019 about crack damage in his home. Admiral accepted the damage was caused by subsidence and the claim was covered.
- Monitoring took place and vegetation thought to be causing the movement was removed. Admiral thought the building was stable and progressed to the repair stage of the claim.
- In November 2021 the schedule of work was finalised. Plans were put in place to begin repairs in January 2022. They were scheduled to take six weeks.
- By April 2022, work was yet to complete and Mr D complained.
- Admiral accepted work had taken too long, apologised, and offered £250 compensation. Problems continued and Mr D complained again.
- Admiral responded to the second complaint in July 2022. In summary it:
 - Accepted the work had continued to take too long, the standard of repair was poor, and the repairs had left Mr D without essential facilities.
 - Apologised again and offered a further £300 compensation.
 - Agreed to arrange a meeting for the outstanding work, and a timescale to put it right, to be agreed. And to refund the cost of putting some issues right.
 - Agreed that alternative accommodation should have been considered. It offered to discuss a resolution to this point with more detail about how many people were impacted and for how long.
- Our investigator thought the complaint should be upheld. He said Admiral had failed to provide the level of service it ought to have done and this had had a significant impact on Mr D. To put things right, he said Admiral should increase compensation to a total of £700. And it should also pay an appropriate disturbance allowance as Mr D should have been moved into alternative accommodation.
- Admiral accepted what our investigator said. Mr D asked for his complaint to be referred to an Ombudsman. In February 2023 he said some of the work remained to be completed – and some of the work previously done had already started to fail. He also said he was suffering a financial loss as a result of being 'tied' to renewing his policy with Admiral whilst the claim was outstanding for longer than it should be.

- Our investigator said the scope of the complaint was limited to events up to Admiral's second complaint response in July 2022. And he wasn't satisfied that Admiral had acted unfairly in relation to the premiums.

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 the investigator explained, this complaint will only consider events up to and including Admiral's complaint response in July 2022.

Mr D has been clear that the claim has continued since then. If he has any concerns with how the claim has been handled since July 2022, he's entitled to raise a new complaint with Admiral. And if it doesn't resolve that complaint to his satisfaction, he may be entitled to refer it to this Service for review.

Turning back to the current complaint, Mr D's focus has been on what happened after work began in January 2022. Admiral's internal notes show it was originally scheduled to take around six weeks to complete the work. At the time of the complaint response in July 2022, it had taken six months – and was incomplete.

Whilst Admiral has suggested events beyond its control have contributed to the delay, it hasn't provided any persuasive evidence about this. It seems to have accepted responsibility for the delay, offering £550 initially. And it accepted our investigator's recommendation to increase that figure to £700.

So it's without doubt that Admiral had caused avoidable delays in the order of four to five months by July 2022. During this time, Mr D has had to live in his home whilst work was in the process of being carried out in many rooms simultaneously. It's clear this has had a significant impact on him and his family, limiting his enjoyment of his home, adding to his distress and inconvenience and causing him a great deal of frustration. Taking all of that into account, I'm satisfied a total of £700 compensation is reasonable up to July 2022. Any amounts Admiral has already paid can be deducted from this total.

It's also without doubt that Admiral ought to have offered Mr D alternative accommodation prior to the start of the work. Because it didn't, in addition to the non-financial challenges noted above, Mr D has also suffered financial losses as a result of being without essential cooking facilities. There may be other costs he's faced too. That's what a disturbance allowance is intended to remedy. Our investigator suggested Admiral calculate an appropriate allowance. It's agreed to do so, although Mr D says it hasn't done so yet.

In principle, I'm satisfied paying a reasonable daily allowance, based on the people impacted and the length of time they were impacted, is a reasonable way of putting things right. Admiral should take into account usual industry rates and the likely financial impact of living in this home whilst the work was being carried out. To do this, Admiral will need to proactively engage with Mr D, find out the relevant information, and make a payment.

Admiral is obliged to handle claims fairly and promptly. It offered to look into calculating and paying a disturbance allowance in July 2022, but so far it doesn't seem to have done so. I would expect it to do so now as a matter of urgency to put things right.

I understand Mr D considers the outstanding claim means he's obliged to renew his policy with Admiral as he's 'tied' to it. And it's increasing premiums means he's losing out compared to what he may be able to pay on the open market.

Strictly, Mr D isn't required to renew his policy with Admiral. It remains liable to resolve his claim fairly and promptly whether he continues to be its customer or not. But, in practice, he may find his options on the open market are very limited as a result of both the outstanding claim and the fact his home has had subsidence. The latter point means that even if the claim had been finalised earlier, it's likely he would still have found his options on the open market limited and it's unlikely he would have found more competitive cover available. He hasn't shown otherwise. The impact of subsidence would have been the case regardless of how promptly Admiral resolved the claim, so it's not something I can attribute to the delay.

As a result, I'm not satisfied that Admiral's delay has caused Mr D a financial loss as a result of being 'tied' to Admiral. However, if he's unhappy with the specific premium increases Admiral have applied to his policy, that's something he's entitled to complain to it about.

My final decision

I uphold this complaint.

I require Admiral Insurance (Gibraltar) to:

- Pay a total of £700 compensation
- Calculate and pay an appropriate disturbance allowance

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 12 July 2023.

James Neville
Ombudsman