

The complaint

Miss P complains Admiral Insurance (Gibraltar) Limited unfairly declined a claim under her home insurance policy for an escape of water.

Any reference to Admiral includes the actions of its agents.

What happened

The circumstances of this complaint are well known to both parties, so I've summarised events.

- Miss P has a home insurance policy which is underwritten by Admiral. She made a claim for damage caused by an escape of water when a leak emanated from the mains water supply to her washing machine.
- Admiral surveyed the damage and said it had occurred gradually. It said the leak had been going on for a long time and likely occurred before the policy started. It wasn't satisfied Miss P had reported the damage as soon as possible. And said Miss P hadn't taken steps to mitigate further damage. So, it declined the claim.
- Unhappy, Miss P brought a complaint to this Service. An Investigator considered it and upheld it.
- The Investigator wasn't persuaded Miss P ought to have known about the damage as she didn't consider it to be visible or obvious. So, she said Admiral should reimburse Miss P the costs she'd incurred in having the claim related damage fixed. She also thought Admiral had caused Miss P avoidable distress and inconvenience and recommended it pay £350 compensation.
- Admiral disagreed and so, the complaint has been passed to me for 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.

Having done so, I agree with the Investigator's outcome, and I'll explain why.

- The Insurance Conduct of Business Sourcebook (ICOBS) says an insurer must handle claims promptly and fairly and **must not** unreasonably reject a claim. So, I've considered what this means in the context of Miss P's complaint.

Admiral's decision to decline the claim

- With any claim the starting point is that the onus is on the policyholder to show an insured event most likely caused the damage claimed for. Here, it's not in dispute there's been an escape of water – which is an insured peril under the policy.

However, because Admiral is seeking to rely on an exclusion to decline cover, the onus is on it to show the exclusion applies.

- Here, Admiral has said the damage occurred gradually and so, isn't covered.
- Miss P has discussed her concerns about the health of her new-born baby upon discovering the damage. And considering her testimony, which I find to be plausible and persuasive, it strikes me that she was unlikely to have found the leak / damage and left it to worsen over time. So, on its face, I'm minded to agree she reported it to Admiral on the day she first discovered it – in accordance with the policy terms.
- I've looked at Admiral's surveyor's report, and having done so, I'm not persuaded its decision to decline the claim is fair. I say this because the pictures fail to demonstrate what they're intending to – namely, that the water damage was obvious. From what I've seen, the property was in relatively good condition except for one door having mould on it. And so, the damage doesn't appear to be to the extent Admiral is saying it was.
- Admiral has said the living room floor carpet was saturated which indicates the leak had been going on for a long time and that Miss P would have been aware of this. But it hasn't explained *why* this damage would have been apparent to Miss P *before* the damage to the kitchen occurred, and that she had therefore, ignored it.
- But even if I accept the damage occurred gradually, I don't consider it reasonable to say Miss P knew about it because notably, the leak was behind her washing machine and much of the damage was under the floor - and so, wouldn't have been immediately visible to her.
- And I don't consider the visible damage Admiral has referred to – namely, the kitchen floor, end panels, and plinths – to be obviously water damaged. And so, I don't think Miss P could have reasonably known it was damaged and that it was attributable to a leak which had *possibly* been going on for a long time. Furthermore, it's not clear if or when Miss P noticed issues with closing the kitchen door due to the kitchen floor being affected.
- As our Investigator highlighted, if the leak had been going on for over a year - as Admiral has suggested by saying the damage likely pre-dated the start of the policy – you may reasonably expect to see long standing damage such as mould or rot, which might have highlighted the issue to Miss P. But that's not the case here, and as I've detailed above, Admiral has provided limited evidence to support its position.
- So, taking everything into account, including Miss P's testimony and circumstances, I'm not satisfied Admiral has demonstrated it can reasonably rely on the gradual causes exclusion to decline Miss P's claim.

Compensation

- Miss P has explained that at the time of the claim she was caring for her new-born baby and that Admiral's decision to decline it meant she had to spend time organising her own contractors, which was stressful. Whilst the nature and extent of the damage, along with Miss P's concerns about it being a risk to her new-born's health, meant she would have likely moved out of her property anyway, I agree that her having to organise her own contractor was an avoidable additional strain at what was already a challenging time for her.

- Because she had concerns about her new-born baby living in a property with damp, Miss P understandably wanted the damage repaired at the earliest opportunity and Admiral unfairly declining the claim added to the time it took to get the repairs completed.
- This coupled with the financial strain Miss P says she experienced by having to pay for the repairs herself satisfies me that £350 compensation is fair in the circumstances.

My final decision

My final decision is I uphold this complaint and direct Admiral Insurance (Gibraltar) Limited to:

- reimburse Miss P the cost of having the claim related damage repaired (subject to proof). Admiral should pay simple interest at 8% a year from the date Miss P paid for the repairs to the date it is refunded.
- pay Miss P £350 compensation. Admiral must pay the compensation within 28 days of the date on which we tell it Miss P accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 11 October 2023.

Nicola Beakhust
Ombudsman