

The complaint

Mr K complains about Admiral Insurance (Gibraltar) Limited's ("Admiral") handling of his claim under his buildings insurance policy.

Admiral are the insurers of Mr K's policy. Part of this complaint concerns the actions of an agent. As Admiral have accepted they are accountable for the actions of the agent, any reference to Admiral includes the actions of the agent.

What happened

Mr K says his property suffered considerable damage caused by ingress of water in September 2022. Mr K says he flagged the incident as weather related, but also made Admiral aware his neighbour was having buildings works which might've caused the problem. Mr K says Admiral appointed a contractor – who I'll refer to as company D - who provided a report in November concluding that the issue wasn't storm related and was caused by wear and tear, so it wouldn't be covered by the policy. Mr K says it took Admiral two months to reach this view. Mr K complained as Admiral had reached this decision without company D inspecting the roof. Admiral then agreed to reinstruct company D who then inspected the roof.

Company D then found that the cause of damage related to the works being carried out at the neighbouring property, and Admiral then maintained their decision to decline the claim. Mr K then raised further complaint points. Admiral responded and acknowledged they'd made errors in their original complaint response. By this point, Admiral had already paid £500 compensation for the delays, and they then paid additional compensation of £250. Mr K had also complained about costs he'd incurred in carrying out remedial work and also lost rental income. Admiral didn't uphold these complaints.

Our investigator looked into things for Mr K. He agreed Admiral had made errors and thought their total offer of £750 was fair for the delays. He thought Admiral should pay an additional £200 compensation for the poor claims experience provided by Admiral. Admiral agreed but Mr K disagreed so the matter has come 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've decided to uphold the complaint. And, I think the investigator's recommendation here is a fair way to resolve matters. I understand Mr K will be disappointed by this but I'll explain why I have made this decision.

Firstly, I've looked at the service given to Mr K. My role requires me to say how a complaint should be settled quickly and with minimal formality and so I'll focus on what I consider to be the crux of the complaint and the main areas of dispute. The key facts about the part of the complaint relating to delay aren't in dispute. Admiral accept they got things wrong by causing delays in their handling of the claim. I can't see there's any dispute between the parties in

relation to the £750 paid for the errors identified by Admiral. Looking at the errors and the impact on Mr K – I think the £750 paid is fair and reasonable in the circumstances.

Looking at the claims experience, I acknowledge Mr K was caused frustration and inconvenience as a result of company D's original contractor not inspecting the roof. There's no dispute that the original contractor only carried out an internal inspection – and this was used to reach the view that the cause of damage was down to wear and tear. Admiral's claim notes say the original contractor couldn't get onto the roof as the camera pole wasn't long enough and also due to the builders at the neighbouring property not authorising company D to use the scaffolding they'd erected. A further note says, ideally, the roof needs to be inspected externally unless there's enough evidence based on internal inspection to decline the claim.

I can see Mr K says, during the initial inspection, the contractor declined to go onto the roof even though there was a safe route provided through a hatch to the loft and a second hatch to the roof. Mr K explains this is the same route the second contractor took during their inspection, and it then took them 20 minutes to come to the conclusion about what had happened. Mr K says company D originally came to the incorrect view that the problem was caused by wear and tear, and they only changed their view after they inspected the roof – something they should've done at the outset. So, given the second contractor reached the view that the work at the neighbouring property was responsible for the damage, I think it's more likely than not the original contractor – given they're both experts in the same field – would've reached the same view had they also inspected the roof.

So, taking into account the frustration and inconvenience caused to Mr K, I think it's fair and reasonable for Admiral to pay an additional £200 as compensation.

I can see Mr K has raised some points in response to our investigator's view – so I'll address each of these. Mr K says he expects insurers to act professionally when trying to establish what has happened. He questions how Admiral could determine there was no insured event when they didn't understand the cause of the water ingress. And this wasn't then established until almost six months after the incident – which then proved the original assessment was inaccurate. Mr K says, by not carrying out an adequate investigation initially, this led to hours of his time spent on contacting Admiral and delays in finalising a claim which should've been completed much sooner. I agree with Mr K's point that the initial investigation wasn't adequate, and I've already mentioned, above, why I believe an inspection of the roof during the first visit would've likely established that the work to the neighbouring property was responsible for the damage. I agree this has led to delay and a poor claims experience – and I think the compensation fairly takes into account the impact of this.

I understand Mr K paid £7,000 to renew tiles, membranes and flashings on his roof following Admiral's original decision to decline his claim based on there being no storm conditions and the damage being as a result of wear and tear. Mr K says this work proved unnecessary and didn't stop the water damage. Mr K says the later – and more thorough – investigation discredited the original investigation so he feels he has spent £7,000 unnecessarily and Admiral should be responsible for this.

I acknowledge there was an error by Admiral in their original investigation, but I don't believe the £7,000 is a direct financial loss arising out of that error. Admiral explain, following the initial visit, Mr K asked company D for a scope of work document which they provided. Admiral say, as they never validated Mr K's claim, they're not responsible for any costs incurred by Mr K in carrying out this work.

Looking at the information provided, I do understand why Mr K chose to get the remedial work done. But, I can't see Admiral have at any point accepted Mr K's claim or asked Mr K to get this work done. Mr K says water was still running down the inside walls so it's clear some

work was required to try to resolve this. Even if Admiral had initially inspected the roof and determined the damage was caused by the neighbouring property, then any remedial works still wouldn't have been covered by them – and would've been for Mr K to arrange. I do understand Mr K's point though that, had Admiral not originally determined the cause as being wear and tear, then he would probably have spent no more than £500 for ongoing maintenance. But, in this case, Mr K has chosen his own contractors – who, I think it's reasonable to conclude, would've carried out their own assessment of what needed doing to resolve the ingress of water. So, I don't think it's fair in the circumstances to ask Admiral to reimburse these costs.

Mr K says the period between the date of the incident and Admiral determining the cause of damage as being the works to the neighbouring property, was six months. He says, had he managed the repairs himself, then the works would've been completed in two months. Mr K says it had been planned to use the upper floor for rental, so he says he has lost out on four months of rent. I acknowledge why Mr K believes Admiral should be responsible for this, but I don't think this would be fair in the circumstances. I say this because, firstly, and as mentioned above, the change in Admiral's view on the cause of damage didn't change the outcome. So, even if Admiral had originally identified the correct cause – as I believe they should've – the outcome would still have been the same in that Admiral would've declined the claim. I accept it would've been based on different reasoning, but it would've still required Mr K to carry out any repairs – which Mr K says was required to bring the upper floor to a standard which would enable it to be rented out. Secondly, although I note Mr K says the plan was to rent out the upper floor, I haven't seen any evidence the upper floor was being rented at the time. That said, I understand Mr K didn't receive a claim decision based on a thorough investigation until almost six months after the incident – but I feel the impact of the delay here is fairly reflected in the compensation.

I can see Mr K points out the risks of insurers using loss adjusters and how this leads them to hand over the management of a claim and losing oversight of the work being carried out. I do understand Mr K's concern here but it's not unusual or uncommon for insurers to appoint a loss adjuster to manage the claim on their behalf. We would expect claims to be handled promptly and fairly but if errors are made by the loss adjuster, then we would generally hold the insurer responsible for these – as we have done in this case.

I understand Mr K will be disappointed, and I do acknowledge why he's frustrated at the length of time it took for Admiral to carry out a more thorough investigation. But I think the compensation here fairly reflects the impact on Mr K. I wish to reassure Mr K I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

Putting things right

I've taken the view that Admiral have made errors here. So, in addition to the £750 already paid, Admiral should pay an additional £200 to Mr K for the poor claims experience – bringing the total paid for this complaint to £950.

My final decision

My final decision is that I uphold the complaint. Admiral Insurance (Gibraltar) Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 21 September 2023.

Paviter Dhaddy
Ombudsman