

The complaint

Mr M has complained about Admiral Insurance (Gibraltar) Insurance Limited's decision to withdraw a claim it initially accepted for an escape of water under a home and buildings insurance policy he held jointly with Mrs M.

Mr M is being represented by 'O' in his complaint. For ease I'll refer to Mr M as the complainant in my decision.

What happened

In June 2021 Mr M reported damage to his kitchen which was caused by an escape of water. Admiral initially said it may decline the claim as Mr M said dry rot had been discovered. Admiral appointed a Loss Adjuster (LA) and the decision was made to accept the claim.

Works began and Mr M and his family were moved into alternative accommodation (AA) as their home wasn't habitable while the works were being carried out.

In June 2022 Admiral withdrew the claim and stopped paying for AA. This left Mr M and his family having to stay with friends and relatives. Mr M raised a complaint in June 2022 as he wanted an explanation as to why the claim had been withdrawn.

In March 2023 Admiral responded to Mr M's complaint. It apologised for the delay and accepted it couldn't find evidence it had informed Mr M of why it had withdrawn the claim.

For its poor service and delays it paid Mr M £450 compensation. But it said its decision to withdraw the claim was correct as the policy excluded cover for damage caused by dry rot.

In October 2022 Mr M asked us to look at his complaint. He has since paid for the remaining damage to be repaired and moved back home.

Our Investigator asked Admiral for more information to be able to reach a view - as based on the limited information provided he found Admiral had unfairly declined the claim. It was aware there was dry rot from the outset - and there wasn't anything to show the dry rot wasn't linked to the escape of water which Admiral had accepted a claim for. The Investigator thought it unfair for Admiral to withdraw the claim for this reason several months later - and to remove assistance with AA and Mr M and his family with their home as uninhabitable.

The Investigator recommended Admiral reimburse Mr M for the costs he paid to have the repairs completed with interest at our recommended rate of 8% simple interest a year. He also recommended Admiral pay compensation of a further £500 to Mr M for the distress and inconvenience its decision, the impact, and the delay in providing an explanation as to why it reached this decision, had caused.

Mr M accepted the Investigator's recommendations. Admiral hasn't replied. So the case has been passed to me to decide.

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.

Mr and Mrs M's policy with Admiral provides cover for specific insured events. Mr M made a claim for damage caused by an escape of water: a leak under the flooring of their kitchen.

From what Mr M told us - and from Admiral's notes - Admiral was made aware of dry rot following the discovery of the leak when Mr M first reported the damage. And Admiral considered declining the claim at this stage because their policy excludes cover for damage caused by dry rot. But Admiral appointed an LA who attended Mr M's home and following their report, Admiral accepted the claim.

We have limited information from Admiral around its decision in June 2022 to withdraw the claim and remove all assistance for Mr M. Our Investigator asked Admiral for substantive information and evidence to support its decision. But he didn't receive a reply.

From the information we have, Admiral accepted that damage was caused by a leak from a waste pipe. If additional damage had been found at a later date to have attributed to dry rot, there isn't anything to show that the dry rot wasn't caused by the original escape of water. This is particularly relevant given the time lapse between the damage being reported and the discovery which led to withdrawing the claim almost a year later.

If the reason for withdrawing the claim is because dry rot had been discovered outside of the damage caused by the escape of water, Admiral hasn't provided evidence to support this decision.

So I haven't seen enough evidence to show that Admiral's decision to withdraw the claim in June 2022 was fair. I think the impact of reaching this decision was significant. And Admiral's failure to show it gave an explanation of its decision to Mr M until March 2023 was unreasonable. Mr M says he was left unable to move back home as it wasn't habitable. This meant Mr M had to make alternative arrangements to live with friends and relatives for several months. In December 2022 Mr M says he paid for the remaining repairs to be completed.

So I think a fair outcome is for Admiral to reimburse Mr M for the costs of the remaining repairs - subject to reasonable proof of payment with an itemised repair invoice.

Admiral upheld Mr M's complaint that it had caused avoidable delays and provided a poor service in its handling of the claim. It paid Mr M £450 compensation for the distress and inconvenience caused. I think it should pay Mr M a further £500 compensation for the distress and inconvenience caused by its decision to withdraw the claim and the impact this had, based on what I've seen.

My final decision

My final decision is that I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to do the following:

- Subject to proof of payment and an itemised repair invoice, reimburse Mr M for the remaining repair costs he paid as a result of Admiral's withdrawal of the claim.
- Pay interest on the amount at a rate of 8% simple interest a year from the date Mr M paid to the date of reimbursement.
- Pay Mr M £500 compensation for the distress and inconvenience caused by its

decision - in addition to the £450 compensation already paid.

Admiral Insurance (Gibraltar) Limited must pay the compensation within 28 days of the date on which we tell it Mr M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 17 October 2023.

Geraldine Newbold
Ombudsman