

The complaint

Mr K is unhappy with the way Admiral Insurance (Gibraltar) Limited has dealt with a claim on his buildings insurance policy. He says there have been long delays and Admiral hasn't done enough to put things right.

What happened

Mr K contacted Admiral following an incident in May 2021 when his neighbour advised she had suffered a flood in her basement and this caused damp problems in his home. He was concerned there might be some subsidence.

Admiral said the damp was caused by ground water, not a leak, and this wasn't covered by the policy. Mr K disputed this and complained about Admiral's decision not to cover the claim. He said there were issues with subsidence and asked Admiral why it wasn't dealing with this.

Admiral asked a loss adjuster to consider the subsidence issue. In March 2022 Admiral told Mr K it needed to liaise with his neighbour's insurers about the possibility that there was subsidence caused by tree roots. Mr K obtained his own reports about the tree, which indicated the tree roots were causing problems.

In September 2022 Admiral told Mr K the neighbour had repaired the pipe which had caused the leak, so there should now be some stability. But it would need to monitor his property for signs of subsidence. Admiral said it would do this for four months.

In October 2022 Admiral sent a final response to Mr K's complaint about the way it had dealt with the claim up to this point, saying:

- it accepted it was responsible for some avoidable delays, but there was more than one possible cause of the problems, so it needed careful investigation and liaison with the neighbours' insurers before any action could be taken;
- it would pay compensation of £1,000 for the delays with the claim and £50 for a delay replying to his complaint; and
- the advice was that further monitoring was needed, so this would be done before any further action could be taken.

Mr K remained unhappy and referred his complaint to this Service.

Our investigator said Admiral's response to the complaint and payment of £1,050 was a fair way to resolve things. So she didn't think Admiral needed to do any more to address this complaint.

Mr K says he hasn't cashed the cheque Admiral sent as he doesn't accept that things have been resolved. In reply to the investigator's view he made further comments, including:

- Admiral decided only to monitor for four months, and included an internal plasterboard wall as one of the walls to be monitored, even though that wouldn't be of any use;

- it still hasn't carried out a ground investigation or drainage survey, which are needed before any repairs are done;
- the neighbours' claims were dealt with properly and repairs have already been done.

The investigator considered Mr K's further comments but didn't change her view. She said this complaint only covers events up to the response issued in October 2022 and any concerns Mr K has about what's happened since then need to be addressed by Admiral before we can look into them. Admiral has confirmed it is dealing with a complaint about later issues.

Mr K says:

- he raised issues about the damp in the cellar in 2021 but Admiral has never dealt with the repairs;
- the monitoring being carried out is inadequate, and the contractors dealing with this have never even mentioned the tree;
- Admiral has had two years to put things right but has still failed to do so;
- he wasn't looking for compensation – what he wants is for the problems to be investigated properly and any necessary repairs carried out;
- he didn't cash Admiral's cheque, partly because that wasn't the aim and partly because he feared that doing so would be another excuse for Admiral to waive any responsibility to deal with the problems.

As no agreement has been reached, I need to make 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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed. Where repairs are to be carried out, these need to be effective and lasting.

Admiral initially said the problem was caused by ground water, which is not covered by the policy. It later accepted the claim was covered and that's not in dispute. The issue that needs to be addressed is the way Admiral went about dealing with the claim, in particular the time taken to investigate and the compensation offered – bearing in mind its duty to deal with claims promptly and fairly.

In this decision I'm only dealing with actions up to the final response Admiral sent to Mr K in October 2022. So I've considered what action Admiral took up to that point.

The policy says Admiral will settle claims by paying "*the cost of rebuilding, repairing or replacing any damaged part of the buildings covered under this policy.*" The policy terms give Admiral the option of rebuilding or repairing the damage, or paying the estimated cost of repair.

Admiral needed to carry out investigations into the cause of the problem, since there was more than one possible cause. It had to liaise with the neighbours' insurers and consider the evidence provided. All of that would inevitably take some time. There was some avoidable delay, particularly at the beginning when Admiral said it wouldn't accept the claim. But the

compensation offered is a fair amount to acknowledge that. Mr K didn't cash the cheque that was sent to him but I think it would still be fair for Admiral to pay that compensation.

By October 2022 the advice was that the building needed to be monitored to see if there was movement. So it was reasonable for Admiral to decide the next step would be to carry out the monitoring. Admiral needed to be sure of the position, to ensure any repairs would be effective and lasting. I wouldn't expect it to carry out repairs before these investigations were complete.

I appreciate Mr K had concerns about the monitoring and that repairs haven't yet been carried out. I understand the monitoring was extended beyond four months. But I can't comment further about what's happened since October 2022 – the ongoing issues will need to be addressed separately. Once Admiral has provided its response Mr K may refer those issues to this Service as a fresh complaint if he remains unhappy.

Mr K has said he's suffered a loss in value of this property; he wanted to sell his house but couldn't do so while the claim was held up and in the meantime property prices have fallen. There's little evidence of this. In any event, even if Admiral had dealt with the claim earlier, bearing in mind the investigations that needed to be carried out it's unlikely the claim would have been resolved and the property sold by October 2022 - especially as other parties are involved and Admiral needed to see what action was taken by them before the claim could move forward.

I understand Mr K's frustration at how long things have taken. But I think the compensation of £1,050 is fair for the delays in the period up to October 2022. As I've said, any further issues since then would need to be considered separately if Mr K isn't able to resolve those with Admiral.

My final decision

Admiral Insurance (Gibraltar) Limited has already made an offer to pay £1,050 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Admiral Insurance (Gibraltar) Limited should pay £1,050.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 26 October 2023.

Peter Whiteley
Ombudsman