

The complaint

Miss D complains about how Admiral Insurance (Gibraltar) Limited handled a claim she made under her buildings insurance policy.

References to Admiral also includes its agents.

What happened

The details of the claim are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the issues and focus on the reasons for my decision and how Admiral needs to put things right.

On 18 December 2022, Miss D made an escape of water claim under her home insurance policy with Admiral which provided buildings insurance cover only.

Miss D has vulnerabilities, including anxiety and depression, and says she's suffering with PTSD and has been unable to work since the incident happened.

In January 2023, Miss D raised a complaint about the way her claim had been handled. Miss D raised, in summary, the following points.

- Admiral's initial notification process caused undue distress, delays and left her in an unsafe home without water or heating for four days.
- She was unhappy with Admiral's attempts to source suitable alternative accommodation (AA). Ultimately, a disturbance allowance (DA) of £15.
- The progress of works was poor with no contact from Admiral's agents to organise cleaning or the start of works.
- The overall lack of communication from Admiral and its agents since the start of the claim had been poor.
- The above had all led to further distress, inconvenience, and delays.

In February, due to a lack of availability of contractors, the loss adjuster offered Miss D a cash settlement. Miss D accepted this, and the final settlement figure of £7,620 was recommended to Admiral in its report dated 23 February. This was paid to Miss D on 27 February and based on an estimate Miss D obtained as well as an advance payment for a DA allowance up to 4 May 2023 to cover the wait for the contractor to start the works and time needed to carry out the work.

In March, Admiral sent Miss D its response to her complaint. It agreed there were occasions where its service and communication could've been better, including that of its agents. It agreed there had been delays during the claim. So, Admiral offered Miss D £400 compensation for the distress and inconvenience caused including £50 for the time it took to respond to her complaint.

Miss D wasn't happy with this, so she referred the matter to this service for an independent review. The Investigator looked into matters and thought Admiral hadn't done enough. To put things right, she recommended the following:

1. Admiral should arrange for moisture readings to be carried out in all the rooms. Then a full scope of work would need to be completed. Due to the way Miss D has been treated, a cash settlement would then be more appropriate.
2. Increasing the compensation for the distress and inconvenience caused to £1500.

Admiral agreed to this. Miss D didn't – she made a number of points including the following:

- She has AA of £30,000 but hasn't been paid anywhere near this amount in DA nor enough to cover the total time she's been away from home. She feels DA should have been paid to her in addition to AA and she's had no AA.
- Continuing to deal with Admiral had put her in mental, physical and financial turmoil and fear the impact it would have on her employment if she was not able to show any signs of being ready to return in the near future.
- Her therapist recommends she sell the house and require Admiral to pay for any loss suffered on the sale value as a result of the outstanding works.

The Investigator took the above points into account and issued a further view. She didn't endorse changing the compensatory award, but recommended Miss D obtain three independent quotes for the work that needs to be carried out (including drying out and covering the full scope of work) and Admiral to cash settle based on the same.

Admiral agreed to the revised view. Miss D didn't – she made a number of points including the following:

- She doesn't want to liaise with Admiral at all.
- After having one builder out, he'd said there is a lot of secondary water damage which can't be assessed until the kitchen is removed and this may delay the new kitchen being fitted by 3 – 6 months which would mean she wasn't able to live there for a further period.
- Admiral needs to further consider the time she's been out her home and impact of this on her because of its neglect and carelessness and she set out in detail the impact this matter has had and continues to have on her.

The Investigator asked Miss D to include the builders view in the quotation and any information about alternative accommodation needed so this can be considered in any cash settlement. They also explained all of Miss D's concerns were considered when the recommendations were made. So, these points didn't change the Investigators view.

Miss D says she waited for Admiral to make payment to her but only the compensatory element was paid. Admiral contacted her and said this was seemingly to organise a site visit to '*look at providing a cash settlement*'. The Investigator asked Admiral to settle the claim as it had agreed to – which didn't involve a further site visit - and requested no further contact was made with Miss D as it was causing further distress to her. This went on for a number of weeks without Admiral responding to this service. As a result, the matter has now been passed to me for a decision.

I raised a number of queries with Admiral and it responded to answer the same as set out below. It sincerely apologises for the delays and issues faced by Miss D.

Admiral explained, in summary, the following.

1. There is no breakdown of materials or labour in either of the quotes provided for £9,500 and £9,700. Admiral is concerned some works may have been missed. For

example, no allowance is evident for drying out works or an understanding of the secondary damage referred to by Miss D.

2. It's unclear what works Miss D completed with the settlement paid to her in February 2023.
3. To progress matters, it needs to inspect the property to establish exactly what work is needed and provide an updated settlement for the works required. It suggests doing this:
 - a. with Miss D present (or through a representative), along with her chosen contractor and one of its surveyors; or
 - b. Through Miss D asking the two contractors to supply images and a detailed breakdown of the works required including materials/labour and all work warranted.

Admiral says, upon completion of the above, it will then re-calculate the scope of works and cash settlement and reconsider whether any DA payments are appropriate since the last payment was made.

4. To allow it to settle the claim, it needs to communicate with Miss D although it has offered to do this through someone acting on Miss D's behalf.

My provisional decision was shared with both parties on 30 October and an anonymised extract is set out below.

'Firstly, I think it's important to say that I recognise Miss D doesn't want to deal with Admiral again and the contact from Admiral has been causing her distress. However, I'm not currently satisfied a cash settlement is the most appropriate approach in this matter either.

This is because I'm not content the full scope of works have been identified on which to base any further cash settlement (if any is due). There hasn't been a damp report nor assessment of any necessary drying out works. I also note Miss D says one of the contractors she had a quote from said there was a lot of secondary water damage, but this isn't detailed in the quotation from either contractor. Further, if there's work above and beyond that which was cash settled in February, there would also need to be an assessment of the impact of the delay in those works starting on Miss D.

I also note there are some works in the quotations from Miss D, such as two new windows and doors, which I wouldn't have ordinarily expected to see as repairs arising from a claim like Miss D's.

So, whilst I acknowledge the strength of feeling Miss D has described, I must balance this with the fact an award by me requiring a cash settlement to be paid before the above issues are resolved and a full scope of works produced by Admiral carries a high risk it's not going to be adequate and would lead to further problems.

Putting things right

I don't consider Admiral has done enough in this matter when handling Miss D's claim. And I note Admiral accepts responsibility for failing to do a moisture assessment/drying or ensuring the same were covered in the works which were cash settled. So, I currently intend to direct Admiral to put things right by taking the following steps.

1. *Arrange to attend the property (within a reasonable period of being told Miss D accepts this decision) to take moisture readings, assess the property and produce a fully costed scope of works of the repairs needed to put right the damage caused by the escape of water claim in this matter.
The scope of works will need to:*

- a. Specify any works identified as a result of moisture readings (as appropriate).
- b. Identify any works which were included in the cash settlement with Miss D in February 2023 but have not yet been completed by her. These works will need to be costed but the money paid for them should be taken away from the overall total on the basis they have already been paid for (either fully or in part).
- c. Identify if Miss D's contents need to be stored so work can be carried out and likely cost of the same.
- d. Be fully costed (without using discounted rates as it was Admiral's choice to cash settle the claim originally).

The scope of works should be shared with Miss D within a reasonable period of it being completed.

2. *Miss D then has 14 days from the date the costed scope of works has been shared with her to obtain any quotes from her own contractors for the work and submit these to Admiral for its consideration. Miss D will need to ensure the quotations are for all items in the costed schedule of works excluding those which she's already had a cash settlement for.*
3. *Upon the expiry of the above deadline, Admiral should make an offer to Miss D to cash settle the claim.*
4. *If works are identified - above and beyond those which were cash settled in February 2023 - Admiral should consider whether:*
 - a. *Miss D's contents still need to be stored so work can be carried out and the likely cost of the same.*
 - b. *If Miss D wants to be considered for AA, she needs to notify Admiral of this. It should consider this request and, if AA is agreed, do so considering Miss D's reasonable requirements. Although Admiral would ordinarily use an agent to locate suitable AA, given her specific requirements, it may be helpful if she gathers a list of viable AA options which she'd find acceptable to support this process.*
 - c. *Any further DA should be paid to Miss D:*
 - i. *For any period between 4 May 2023 to the date of the scope of works.*
 - ii. *From the date of the scope of works to the likely end of any lead in period; and*
 - iii. *For the estimated time it will take to complete the works.*

Miss D finds contact with Admiral distressing, so I think it's important to mention she's able to appoint a representative and doing this is likely to help matters progress as swiftly as possible. I say this particularly as Miss D will need to be as flexible about the times and parameters of Admiral's inspection as she possibly can. This will help to bring the matter to a timely close which I sense both parties are keen to achieve.

In terms of Admiral, I understand it may be able to offer reasonable adjustments which would support the contact Miss D (or her representative) has with it, such as allocating Miss D a designated file handler and ensuring appointments for any visits are agreed on the phone in advance. If this would be helpful, Miss D can explain this in her response so it's requested through this service before the matter is concluded.

Compensation

Miss D says the compensation awarded by the Investigator of £1,500 isn't enough and Admiral needs to further consider the time she's been out her home and impact of this on her, particularly considering the alternative accommodation (AA) on her policy and disturbance allowance (DA) she's been paid. But I don't see things the same. I've considered the following points in reaching this conclusion.

- 1. Miss D received poor service from Admiral. I'm also aware she continues to suffer as a result of the escape of water and Admiral's handling of this claim. But I have to distinguish between the distress and upset that Miss D suffered because of the escape of water and its consequences, which Admiral isn't responsible for, with what Admiral did or failed to do that might've added to that distress. For example, the need for Miss D to move out of her home - whilst understandably disruptive and distressing – is a consequence of the water making her home inhabitable rather than something which is Admiral's responsibility.*
- 2. I can see from what has been said by Miss D that she has found this claim understandably stressful. And it's my view there have been times when Admiral failed to take this matter seriously or recognise the impact its actions (and inactions) were having. I say this because it failed to put things right by ensuring the claim was progressing as it should've been despite a number of opportunities for it to do this.*
- 3. I note Miss D told Admiral she'd prefer to stay with people close to her rather than go into AA at the outset of the claim but now says the time away from home has had a significant impact on her which should be compensated. I don't doubt Miss D incurred extra costs – this often happens when you relocate to live in a family member or friends home. However, Admiral paid £15 a day as a DA to Miss D. The DA is designed to reflect the actual costs a consumer has incurred and so they'd usually be required to evidence their normal costs before the claim, as well as the costs incurred throughout the claim. However, industry practice is that the allowance should be paid at a rate of £10 per day for each adult living at the insured property as not everyone keeps receipts for everyday expenses. So, I consider Admiral took a pragmatic decision to give a disturbance allowance to Miss D and I note this is more than this service would usually recommend (without evidence of the expenditure). And I don't consider it should pay compensation in addition to this. The time she has been paid DA may need to be adjusted but, at the time of writing, and without the above steps having been completed, this isn't something I can determine in this complaint.*
- 4. Miss D agreed a cash settlement in February and was paid DA until 4 May as part of this. The cash settlement should've been used to carry out the works which would've allowed Miss D to move back into the property swiftly, even if there were still some works outstanding. If this had been done, there wouldn't have been any further need for AA or DA and the impact on Miss D would've been greatly reduced. But I haven't seen any evidence this happened. So, whilst I don't agree Admiral has conducted itself as I'd have expected it to, I'm also mindful there were steps Miss D should've taken to mitigate the loss and impact on her.*

Taking everything into account, I consider the total compensation of £1,500 Admiral has paid to Miss D to be a fair and reasonable way to resolve Miss D's complaint for the distress and inconvenience caused in this matter to date. And it's likely more than I would've awarded. I think the significance of the amount adequately recognises the failures Admiral and their agents have made which have elongated the claim process and added further distress and inconvenience in addition to what Miss D would've experienced due to the escape of water itself.

I'm sorry Miss D may feel disappointed with this outcome overall, but I am hopeful the above provisional decision gives her a pathway towards being able to bring matters to a close.'

Miss D responded – she doesn't feel the provisional decision is fair and raised some new concerns and repeated points made previously. In summary, this includes the following:

- The Loss Adjuster told her the kitchen needed to be stripped out to assess if there was any further damage but then didn't do this.
- People who have never experienced mental health have no idea how it affects people. The claim has been incredibly difficult, and she needed her insurer to help her at a time when she was at her wits end. She now feels she's no further forward and she doesn't have the energy for this. She's a vulnerable person in a vulnerable position and she feels this has been disregarded.
- Admiral didn't comply with the Investigators recommendation and won't do what it says. Miss D asks if there's any alternative to this resolution to bring this to an immediate close.
- She has completed the work which was settled by Admiral, and the reason windows and doors were included is because they're wooden.
- The Ombudsman worked with Admiral to make this decision as Admiral asked her to get in touch on 6 October, but she was only notified of the provisional decision on 30 October.

Admiral responded with further answers to questions it'd already responded to.

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.

I've reviewed the parties replies to the provisional decision and they've not persuaded me to change my provisional decision.

In response to the specific points raised by Miss B, I respond as follows:

- I agree Admiral didn't do what it should've at the outset of this claim. This is why I've upheld Miss D's complaint and made the redress award I have. I say this notwithstanding the concerns raised by Miss D about her mental health and vulnerabilities. I want to reassure Miss D the findings reached by me have taken this into consideration. That said, I'm still not satisfied a cash settlement is the most appropriate approach in this matter to put things right for the reasons set out above. So, whilst I acknowledge Miss D's strength of feeling about a continuing relationship with Admiral and difficulties she faces as a vulnerable person, I haven't seen any evidence which persuades me to depart from my provisional findings.
- If Miss D accepts this decision before the deadline, it will be legally binding on both parties. This means Admiral must put things right in the way the final decision tells it to. If it doesn't, the decision may be enforced through Miss D taking legal action.
- The works required to put right the damage caused by the escape of water will be considered in the scope of works. This will include matters such as whether replacement doors and windows are appropriate.
- This matter has been decided impartially. Further, the contact from Admiral on 6 October to Miss D was to discuss the Investigators recommendations with her. And the matter was passed to me for a decision after this date.

It follows my final decision reflects my provisional decision. And I set out below how Admiral should put things right as a result.

Putting things right

Admiral Insurance (Gibraltar) Limited need to put things right by taking the following steps.

1. Arrange to attend the property (within a reasonable period of being told Miss D accepts this decision) to take moisture readings, assess the property and produce a fully costed scope of works of the repairs needed to put right the damage caused by the escape of water claim in this matter.

The scope of works will need to:

- a. Specify any works identified as a result of moisture readings (as appropriate).
- b. Identify any works which were included in the cash settlement with Miss D in February 2023 but have not yet been completed by her. These works will need to be costed but the money paid for them should be taken away from the overall total on the basis they have already been paid for (either fully or in part).
- c. Identify if Miss D's contents need to be stored so work can be carried out and likely cost of the same.
- d. Be fully costed (without using discounted rates as it was Admiral's choice to cash settle the claim originally).

The scope of works should be shared with Miss D within a reasonable period of it being completed.

2. Miss D then has 14 days from the date the costed scope of works has been shared with her to obtain any quotes from her own contractors for the work and submit these to Admiral for its consideration. Miss D will need to ensure the quotations are for all items in the costed schedule of works excluding those which she's already had a cash settlement for.
3. Upon the expiry of the above deadline, Admiral should make an offer to Miss D to cash settle the claim.
4. If works are identified - above and beyond those which were cash settled in February 2023 - Admiral should consider whether:
 - a. Miss D's contents still need to be stored so work can be carried out and the likely cost of the same.
 - b. If Miss D wants to be considered for AA, she needs to notify Admiral of this. It should consider this request and, if AA is agreed, do so considering Miss D's reasonable requirements. Although Admiral would ordinarily use an agent to locate suitable AA, given her specific requirements, it may be helpful if she gathers a list of viable AA options which she'd find acceptable to support this process.
 - c. Any further DA should be paid to Miss D:
 - i. For any period between 4 May 2023 to the date of the scope of works.
 - ii. From the date of the scope of works to the likely end of any lead in period; and
 - iii. For the estimated time it will take to complete the works.

My final decision

For the reasons set out above, I uphold Miss D's complaint. To put things right, Admiral Insurance (Gibraltar) Limited needs to take the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 13 December 2023.

Rebecca Ellis
Ombudsman