

The complaint

Mrs M complains Admiral Insurance (Gibraltar) Limited (“Admiral”) unfairly declined her claim for an escape of water on her property insurance policy. She’s also unhappy with the amount she was expected to pay to claim on the policy – the ‘excess.’

All references to Admiral include its agents.

What happened

Mrs M took out a property insurance policy around February 2023 to cover her buildings and contents. In October 2023, she contacted Admiral as water leaked through her ceiling when she was using the shower. Initially, Admiral said if she wanted to make a claim on her policy, she’d need to pay a total of £750 in excess. This was made up of a voluntary excess of £250 and a compulsory excess for escape of water of £500.

Mrs M was unhappy with the level of excess she was expected to pay as she said it was unaffordable for her. So she made a complaint to Admiral. Admiral didn’t uphold her complaint as it thought the terms of the policy relating to the excess were clear.

In the meantime, Mrs M arranged for a plumber to visit her property and inspect the damage. Her plumber quoted around £5,000 to replace her bathroom suite. And he gave her a letter which she shared with Admiral saying the water damage had been caused by a loose nut on the cold inlet pipe on her shower. The plumber said it was causing water to drip back down the pipe and into the wall but after tightening it, the leak stopped.

Admiral arranged for a loss adjuster who I’ll call “D” to inspect Mrs M’s property and provide a report. D thought the escape of water was caused by a leak from in-between the wet wall panels and the bath, through defective sealant. The report also said there was no water damage around the valve where the shower was so it didn’t agree with Mrs M’s plumber’s report. As a result, the claim was declined.

Mrs M didn’t agree with Admiral’s responses so she referred her complaint to our service. She said her walls were covered in a splashback which kept it watertight. And the tiles D was referring to were stuck over the splashback for decoration only.

Our Investigator didn’t uphold Mrs M’s complaint about the excess she had to pay as he thought the terms were made clear in the policy schedule. He initially upheld Mrs M’s complaint about the escape of water as Admiral hadn’t given us D’s report. But after reviewing D’s report, he thought Admiral had declined Mrs M’s claim in line with the terms of the policy. As the complaint wasn’t resolved at that stage, it was passed to me to look at.

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.

Mrs M has explained the severe impact this claim and complaint has had on her – and I thank her for giving all of the detail she has. I know she'll be very disappointed with the outcome I've reached but based on what I've seen, I've decided not to uphold this complaint. I'll explain why.

Policy excess

Under the terms of the policy, customers are expected to pay a policy excess if they need to make a claim. This isn't unusual as nearly all insurance policies have an excess. On Mrs M's policy, she could choose to have a higher excess in order to reduce the amount she had to pay for her policy – this is called a voluntary excess.

I've looked at Mrs M's policy schedule. This shows, for escape of water claims, she'd be expected to pay £500 compulsory excess and £250 voluntary excess. And it explains the excess is the amount policyholders must pay in the event of any claim, regardless of who is to blame. I'm satisfied Admiral has explained the terms relating to the excess clearly in this case and is acting in line with its policy terms.

I appreciate Mrs M has said she wasn't made aware of the excess at the time she took out the policy. But if she thinks there was a problem with the sale of her policy, she'll need to make a separate complaint to the business who sold it to her.

Escape of water claim

I've looked carefully at the evidence I have of the cause of the escape of water in Mrs M's house. Admiral's given us a detailed report which says the water was leaking between the tiles in Mrs M's bathroom and the bath, due to failed sealant. But a letter from Mrs M's plumber says the leak was caused by a loose nut on the shower valve. Mrs M says the tiles were simply laid over a splashback – so presumably, even if the grout or sealant had failed, she thinks the splashback would've prevented any leaks. I've weighed up both parties' evidence to decide what I think is most likely.

Although Mrs M's plumber has said what he thinks caused the damage, he hasn't given very much detail. And I can see Admiral's report says there was no water damage around the area Mrs M's plumber said the leak was coming from, which I'd expect if water had been gradually leaking through there for some time. Admiral's report includes photos of Mrs M's bathroom showing the tiles and the grout around it. Whilst I accept the tiles might've been laid over the splashback as Mrs M says, I'm not persuaded this would've prevented any water from dripping down between the splashback, the tiles and the bath if water had got through the grouting or sealant. So I don't think this is enough to make me think water couldn't have got through between the tiles.

Having looked at the policy booklet provided by Admiral, I can see any escape of water caused by faulty, failed or inadequate grout or sealant isn't covered under the terms of the policy. And based on the information I've been given from both sides, I think this is the most likely cause of damage to Mrs M's property. So overall, I don't think Admiral has acted unfairly in declining Mrs M's claim.

My final decision

It's my decision that I don't uphold Mrs M's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 March 2024.

Nadya Neve
Ombudsman