

The complaint

Mr and Mrs A complain that Admiral Insurance (Gibraltar) Limited (“Admiral”) unfairly declined their claim for damage caused by an escape of water.

What happened

Mr and Mrs A rent out a property which is covered by a landlord insurance policy with Admiral. Shortly after their tenant moved out, there was an escape of water at the property. Mr and Mrs A made a claim under their policy with Admiral, which was declined.

Admiral said the policy made clear that if the property wasn’t lived in for 14 days then the water had to be switched off and this hadn’t been done. Mr and Mrs A were unhappy about Admiral’s decision, so they made a complaint.

In response to the complaint, Admiral said it stood by its decision as the exclusions in the policy were clear and that the letting agent had told Admiral that water hadn’t been switched off because viewings were taking place.

Because Mr and Mrs A remained unhappy, they referred their complaint to this service. Our Investigator considered everything and didn’t think Admiral had treated Mr and Mrs A fairly. So it was recommended that Admiral accept the claim and pay interest as well as £400 for the distress and inconvenience caused.

Admiral didn’t accept our Investigator’s recommendations, so the complaint has now come 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.

Having done so, I’ve decided to uphold this complaint. I’ll explain why.

Mr and Mrs A’s policy says: *“If your property is not lived in, your cover may be restricted or you could be left without cover”*. It goes on to refer to general condition 12, which says:

“12. Property not lived in

a Unless clause b below applies, if your property has not been lived in for more than 14 days in a row, there is no cover for loss or damage caused by the following.

b Condition a above does not apply, and so loss or damage caused by those events while the property is not lived in will be covered, if all of the following are true.

You (or anyone managing the property on your behalf) inspect the property, inside and out at least once every seven days and keep a written record of the inspections.

The water has been turned off at the mains and the system in the property has been

drained.

All doors and windows are locked, and any security devices are in use and the keys are removed.

The gas and electricity supply are turned off at the mains (unless the electricity is used for any security devices)

You tell us immediately if your property becomes unoccupied”.

The above is found on page 36 of the policy booklet, and there is a further unoccupancy exclusion in the Insurance Product Information Document which says:

“Unoccupied property: Loss or damage under certain covers of your policy if your property is left unoccupied for more than 30 days”.

In the Insurance Product Information Document, there is no mention of a 14 day exclusion. It only refers to cover not being provided if the property is unoccupied for over 30 days. I don't think this is helpful or clear for Mr and Mrs A, because having looked at that document, they believed that their claim would be accepted as the property was only unoccupied from 30 December 2023 until 23 January 2024.

Admiral has said that Mr and Mrs A didn't read the policy booklet at all, but I don't think that matters in this case. The Insurance Product Information Document should've mentioned the 14 day exclusion. But it fails to do so and only includes reference to the 30 day exclusion. I think a consumer reading that document could reasonably believe that this was the only unoccupancy or related exclusion in the policy.

It would only be from reading the policy booklet that a consumer might notice the discrepancy – and this would likely lead to more confusion as to what the relevant exclusion is, and I don't think it would necessarily make things clearer, as we'd generally expect insurance documents to do.

Admiral has argued that “lived in” and “unoccupied” are two distinct terms, both of which are defined in the policy – so it doesn't agree that the two definitions are reliant on one another, even though properties that are not lived in and are unoccupied usually go hand in hand. But from the perspective of an ordinary consumer, I consider the terms to be confusing and unclear. I say this because from their perspective, as their tenants had moved out, it would be reasonable for them to assume that the unoccupancy exclusion of 30 days that's mentioned in the Insurance Product Information Document would apply.

As I don't consider the terms to have been made clear enough to Mr and Mrs A, Admiral should accept their claim and reimburse them for the cost of putting right any damage covered under the policy's remaining terms and conditions.

Because Mr and Mrs A have experienced unnecessary inconvenience as a result of the unfair claim decline, I've considered how this has impacted them and whether they should be compensated for this. And I think they should be compensated. They've had to borrow money from family and have also had to take out loans in order to start reinstatement work at the property. These are things they wouldn't have had to do, had the claim been accepted in the first place. So I think Admiral should pay Mr and Mrs A £400 compensation for the extra time spent and effort they've had to go to in order to sort things out.

Putting things right

Admiral Insurance (Gibraltar) Limited must now:

- Accept the claim and reimburse Mr and Mrs A for work they've paid for or are due to pay for which is covered by the policy, subject to the submission of invoices from contractors.
- For any invoices already paid by Mr and Mrs A, add 8% simple interest per annum to the invoice amount, calculated from the date the invoice was paid until the date of settlement.
- Pay Mr and Mrs A £400 compensation for distress and inconvenience.

My final decision

My final decision is that I uphold this complaint and I direct Admiral Insurance (Gibraltar) Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to accept or reject my decision before 18 August 2024.

Ifrah Malik
Ombudsman