

The complaint

Mr B complains about Admiral Insurance (Gibraltar) Limited (“Admiral”) for delays in its response and the settlement sum it has offered on his claim. He wants Admiral to increase his settlement to more closely match what he paid for repair work.

What happened

Mr B insured his home with Admiral.

In December 2020, Mr B discovered that water had been escaping from a pipe within his shower system in his ground floor shower room.

He made an enquiry call to Admiral. At that time restrictions were in place due to the Covid 19 pandemic and Admiral advised Mr B that rather than it send out someone to validate the claim, he should get quotes for repairs directly.

Mr B tried to do this but struggled to find contractors willing to quote. He eventually obtained quotes, which he describes as being around £4000, in mid-2021. He advises that he let Admiral know about the quotes and that one contractor was able to start work in September 2021.

Admiral did not respond to this information or advise that further validation was required at that time.

Mr B accepted one quote, which I understand was for around £4000 and work eventually began in April 2022.

It completed in May 2022 and the work involved some rearrangement of facilities and additional tiling. The total cost to Mr B was around £8500.

Mr B submitted his claim to Admiral in May 2022. Admiral then sought to validate the claim and sent an assessor to his home.

As work had been completed, the assessor was not able to meaningfully assess the damage and the scope of works needed.

Admiral offered Mr B settlement of around £1900, minus his policy excess, in July 2022. Mr B was unhappy with that settlement offer and complained to Admiral.

Admiral looked at the claim again and in October 2022, declined the claim in full, on the basis that it could not validate the loss.

Mr B complained to Admiral, and also contacted us. Admiral subsequently reassessed the claim and offered Mr B around £3650 in settlement for the claim. Admiral also offered Mr B £275 to reflect the delays and failings in service by it not contacting him through his claim.

Mr B remained unhappy and asked that we consider the complaint.

One of our investigators has looked at this matter and did not recommend that we uphold the complaint. They considered that there were substantial elements of betterment in the bathroom refit that Mr B had obtained and considered that Admiral's assessment of the work that would have been needed for a like for like repair/replacement was broadly fair. They considered that the offer of compensation to reflect delay was in line with other awards we would make.

Mr B did not accept that view and asked for an ombudsman decision.

I issued a provisional decision in respect of this matter in June 2024. In that provisional decision, I set out that I thought the complaint should be upheld and that Admiral should honour the quote which was provided to it in June 2021, which I understood to be around £4000. I also thought that Admiral should pay to Mr B £400 compensation for the distress and inconvenience he suffered through delays and changing decisions in respect of his claim.

That provisional decision has been shared with the parties and they have been invited to comment.

Admiral has indicated that it accepts the provisional decision.

Mr B has responded, giving more context to his choice of quotes, and asking that this be taken into account in my 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.

Mr B does not dispute that the quote given to Admiral in June 2021 was for around £4000. He adds though that this was the lowest quote he had received at that time, and that when he came to accept a quote the contractor who had offered that quote was no longer offering to do the work.

He therefore looked to his next quote, of £4500 but had reservations about the contractor, and then ultimately elected to go with a contractor who had quoted £6669.

Once work had begun, the contractor advised that when stripping out they had discovered unforeseen damp issues and had carried out tanking and a damp proof seal under the shower area, at an additional cost of £1350.

Mr B also argues that the compensation I provisionally directed was insufficient as, due to the uncertainty about what settlement would be offered, he had to postpone his wedding a number of times as he had spent his savings on the bathroom repairs. He describes that this was very distressing and he considers this is Admiral's fault.

I have taken into account the additional comments from Mr B, but these do not alter my view.

I accept that Mr B was forced to go with the contractor with the higher quote, but this was not authorised, or impliedly approved by Admiral.

He told Admiral about the lower quote, and I consider Admiral was wrong not to respond to that quote, and so should honour that quote. There is no suggestion that Mr B went back to Admiral when that quote fell through, however, or that he sought to revise the implied

agreement upwards.

It would be unfair to hold Admiral to a quote which they had not authorised, and which they had no knowledge was being accepted. It would also be unfair for me to consider Admiral's non-response to the quote as giving Mr B licence to incur additional costs, without requiring him to interact with Admiral about these. If the information about the availability of quotes had been given to Admiral, it may have decided to instruct its own contractors to carry out the work.

If Mr B can show to Admiral that he alerted Admiral to the need to use a higher quote, and Admiral did not respond to that, then Admiral should honour the higher amount, but that does not appear to be the situation here.

I therefore think that Mr B is responsible for the additional costs of accepting a higher quote than he had let Admiral know about.

Moving then to the request that I include the additional costs of damp proofing and tanking, I decline to do so. Damp, and damage which develops over time, is not usually covered by insurance as an insurable peril. In this case, the insured peril was escape of water, not damp, and so Admiral was only responsible for damage caused by the escape of water and consequential works. This does not include uninsured losses which were only discovered during the works.

If further damage was discovered during the works, then Mr B would have needed to pause the works and alert Admiral, so that they had the chance to assess whether this damage was insured or not, and if so what level of damage it was liable for. It would not be fair to hold Admiral responsible for damage which they knew nothing about, and which in most cases is not insurable in any event.

I therefore decline to include the additional costs of damp repair.

Finally, Mr B details the distress and inconvenience he and his partner suffered by having to delay their wedding due to using savings to repair the bathroom. I accept that this would have been very upsetting, and that any continued uncertainty would make it more difficult to plan, but I do not think that Admiral is responsible for all of the uncertainty. Mr B acted unilaterally in choosing the more expensive contractor, which took up more of their savings, without ensuring that this would be covered. I do not consider Admiral is responsible for the distress and inconvenience which flowed from not involving Admiral.

Consequently, I remain of the view set out in my provisional decision and I adopt that decision and reasons, as supplemented by the above, as my final decision.

My final decision

For the reasons given above, and in my provisional decision, I uphold Mr B's complaint and direct Admiral Insurance (Gibraltar) Limited to:

- Settle Mr B's claim on the basis of the quotes submitted in June 2021, or £4000 if the quotes cannot be demonstrated;
- To add interest at a rate of 8% per annum to the above sum, from June 2021 until the date of settlement; and
- To pay to Mr B a total of £400 compensation for his distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 August 2024.

Laura Garvin-Smith
Ombudsman