

The complaint

Mr E and Ms H complain about a poor standard of service and delays caused by Admiral Insurance (Gibraltar) Limited (Admiral) following an escape of water claim, under their home buildings insurance policy.

I'll refer to Ms H in my decision for ease.

What happened

Ms H's home was damaged by an escape of water caused by frozen pipes in December 2022. She contacted Admiral to make a claim, which it accepted. She says there were delays progressing her claim, and she was put in a basic hotel with no facilities to store or prepare food. Ms H appointed her own loss assessor in January 2023. She wanted to use her own choice of buildings surveyor, as this was something covered under her policy. But she says there was a long delay in Admiral agreeing to this.

Ms H says the disruption payment Admiral provided is inadequate. It failed to pay her plumber's invoice despite this being provided several times. She also says it failed to reimburse her for the electricity costs due to the drying work. Ms H says when Admiral's surveyors first arrived in December 2022 they wouldn't look at the damage because it was dark, and the power was off. She offered torches, but they refused. She says this resulted in delays. Because she wasn't satisfied with Admiral's handling of the claim she complained.

Admiral provided two responses to Ms H's complaint issues. In the first dated 16 February 2023 it upheld a number of the points she'd raised about delays, poor communication, and poor claim handling. It paid £450 compensation to acknowledge these issues. In its final complaint response dated 20 July 2023 Admiral agreed there were delays in progressing the claim, communication was lacking, there was a delay agreeing to using Ms H's surveyor, and Ms H had to pay two lots of council tax. It confirmed it would be paying the electricity bill, and council tax on receipt of proof of payment. It also paid a further £300 compensation for the trouble and upset all of this had caused.

Ms H didn't think she'd been treated fairly and referred the matter to our service. Our investigator didn't uphold her complaint. He says there had been delays, poor communication, and a lot of effort on Ms H's part to progress the claim. But he thought the compensation payment Admiral offered for £650, was fair in putting this right.

Ms H disagreed and asked for an ombudsman to consider the matter.

I issued a provisional decision in June 2024 explaining that I was intending to uphold Ms H's complaint. Here's what I said:

provisional findings

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 my intention is to uphold this complaint. Let me explain.

The escape of water in Ms H's home caused significant damage. In these circumstances some degree of disruption and inconvenience is unavoidable. But we expect Admiral to handle claims effectively. If it does so this should avoid unnecessary delays and further disruption. I've focused on that here.

Ms H says that when Admiral's surveyors first visited on 20 December 2022 to assess the damage, they refused to do so because it was dark. I note what she says about offering torches so they would be able to carry out their inspection. However, I'd expect adequate lighting is necessary for a surveyor to effectively assess the damage. I don't think it was unreasonable for a later appointment to be arranged. That said Admiral could've established whether the lights worked given what it knew about the damage the property had suffered. It could then have ensured an appointment was made during daylight hours given that there were no working electric lights.

The next appointment was arranged for eight days later. But the surveyors didn't attend. Admiral appointed a different surveying firm. It subsequently assessed the damage in early January 2023. I can understand Ms H's concern about the delay this caused. Based on what I've read this could've been avoided had more care been taken by Admiral when arranging the initial inspection.

Ms H says she appointed her own loss assessor (LA) to assist with the claim and repairs. The LA proposed using a building surveyor it was associated with. Ms H says there was a four-month delay before Admiral agreed to pay for this. She says her policy provides cover for this eventuality, but Admiral flatly refused to allow this when initially requested. She says this was eventually agreed at the end of March 2023.

The claim records show Admiral agreed to pay the surveyors fees, within specified limits. There is a note dated 11 April 2023 where this is confirmed.

I've read Ms H's policy terms and conditions to understand the cover she had in place. On page 17 it says cover is provided for surveyor's fees regarding site clearance and building works. It doesn't comment on how the surveyor is appointed or by whom. The claim records from 17 January 2023 say Admiral thought it reasonable that Ms H's LA wanted to appoint one of their own surveyors, given the cost of the claim. But Admiral thought the LA/surveyor would likely inflate the costs and it wanted to avoid this and use its own surveyor.

I asked Admiral why it agreed to cover the cost of Ms H's surveyor, why this took so long to decide, and what it considers its policy covers in relation to this point. It responded to say this issue hadn't been considered within its responses to Ms H's complaint. Although it acknowledged she had raised concerns about this issue. Admiral has since issued a further complaint response dated 4 June 2024. In this it says it should've reviewed this issue as part of Ms H's initial complaint. It paid her £200 for not reviewing this complaint point when it should have.

Ms H did raise this issue in her original complaint and Admiral responded in July 2023. However, it hasn't provided any further explanation why there was such a long delay in agreeing to pay for Ms H's surveyor in its latest response. It eventually did agree to pay the surveyor. But it hasn't commented on the impact this had on repairs being carried out. Based on the evidence I've seen I think this did delay matters and caused Ms H inconvenience and distress when trying to resolve this point. I think it's reasonable that Admiral should acknowledge this delay, and the impact this had on Ms H. I'll address this later in my decision.

I've thought about Ms H's concerns that after a six-month period she had to pay a reduced rate of council tax on her home, as well as making council tax payments for her alternative accommodation. For the first six months she was exempt from paying council tax at her home as she wasn't living there.

Because of the time taken to carry out the repair work, council tax is a cost that is directly associated with Ms H's claim. I think it's reasonable to expect Admiral to cover this cost. I can see from its complaint response that it agreed to do so on receipt of the relevant supporting information. I think this is fair.

Ms H also raised concerns with the cost of electricity used to dry her property. She says she had to pay in excess of £400. She says the next bill was forecast to be around £1,000. I note what she says about being offered no financial help to pay this.

In its complaint response Admiral explained that its contractors take meter readings before drying work is carried out and then again when it's completed. I understand this is how it calculates its liability for energy costs. However, I'd expect Admiral to consider an interim payment to cover the cost of electricity used for drying works. I can see from the records that Ms H was in regular contact with Admiral about this and other issues she had with her claim. I think timelier assistance could've been provided to ensure Ms H could pay these costs that, as discussed, were directly associated with her claim.

Ms H says that despite sending a plumber's invoice to Admiral on several occasions, it has yet to pay this. I can see from its complaint response that it says this invoice wasn't received. So, it didn't uphold this part of the complaint.

I've looked at Ms H's policy terms. It says cover is provided for damage caused when accessing a leak. But this doesn't include cover for the cost of fixing the pipe that was the cause of the escape of water. Based on this information I can't see that Admiral is expected to pay this cost under the terms of its policy.

I've thought about Ms H's view that the payment Admiral provided for the cost of food whilst she was staying in a hotel was inadequate. The records show Admiral's calculations. It allowed £20 per day for a period of 58 days to cover the disruption caused to Ms H and Mr E. It then deducted the cost of their usual food shopping bill over this period. This meant it would pay £560. It agreed to add 8% simple interest to this, which came to a total of £604.80.

I note Ms H's comments that for two people who were unable to store or prepare food, this amount doesn't cover the cost of eating out for this period of time. I can see that Admiral asked Ms H for receipts to show the costs she incurred. However, she didn't have evidence of all the costs she incurred.

Having considered this, I don't think Admiral's approach was unreasonable. It based its disruption payment on the additional costs Ms H and Mr E would incur. They would have needed to buy food if they were living at home, so I think it's fair that this was a consideration in its assessment. I also think for it to pay more, it's reasonable to expect that Admiral would want to see evidence of these costs. The records show that Ms H and Mr E were able to rely on family in order to launder clothes. I'm glad they were able to arrange this. But I haven't seen evidence of additional costs that were incurred in this respect.

That said, Admiral delayed arranging a payment for the additional costs Ms H had incurred. It's fair that interest was added to this. But given the situation Ms H was in, I think a timelier payment should've been made.

Having considered all of this I don't think Admiral treated Ms H and Mr E fairly when dealing with their claim. Particularly when considering the many delays and its inadequate communication. I'm only able to consider what happened up to the date of Admiral's final complaint response in July 2023. Because of the poor claim handling and communication, which has caused significant delays, inconvenience, and distress to Ms H I think compensation is clearly warranted. Admiral has paid £750 [our investigator incorrectly referred to £650] as set out in its complaint responses sent in February and July. But I think a further payment for £250 is fair for the issues and impact Ms H and Mr E experienced over this period.

I said I was intending to uphold this complaint and Admiral should pay Ms H £250 compensation.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Admiral responded to say it accepted my findings.

Ms H didn't provide any further comments or information for me to consider.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

My final decision is that I uphold this complaint. Admiral Insurance (Gibraltar) Limited should:

- pay £250 compensation for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E and Ms H to accept or reject my decision before 29 August 2024.

Mike Waldron
Ombudsman