

## **The complaint**

Mr and Mrs P complain about Admiral Insurance (Gibraltar) Limited's handling of their home insurance claim.

Mr and Mrs P are joint policyholders, but most of the communication regarding the claim and complaint has been from Mrs P. So, I'll refer mainly to her in my decision.

Admiral is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As Admiral has accepted it is accountable for the actions of the agents, in my decision, any reference to Admiral includes the actions of the agents.

## **What happened**

In August 2023, Mrs P phoned Admiral after discovering an escape of water in her utility room. Admiral provided some information about her cover. A couple of days later Mrs P phoned back and said she wanted to go ahead with a claim for the damage to her property.

Admiral arranged for a surveyor to visit the property to validate the claim. The visit was supposed to take place a couple of weeks later, but it was delayed by a week due to an administrative error.

The surveyor advised Mrs P to get a couple of quotes from builders and he would arrange for a drying company to install some dehumidifiers.

Mrs P provided some quotes from builders, but the surveyor thought they were excessive and also included works that weren't required to bring the property back to its pre-loss condition. Mrs P was advised that the work could be done by Admiral's own network of contractors but there was around an eight week lead time for this.

In December 2023, Admiral offered Mrs P a settlement of around £10,000 but she declined it as she believed it was too low. She raised a complaint with Admiral about the settlement it had offered and its handling of her claim.

In January 2024, Mr and Mrs P's policy was due to be renewed. Mrs P was unhappy to find that the renewal premium had increased significantly. She says she wasn't able to move insurers because of her ongoing claim.

Admiral arranged for another surveyor to visit the property in February 2024. Following this, Mrs P was offered a settlement for the building repairs of over £16,000. Mrs P accepted the offer, but later complained that she wasn't advised that the £800 excess was to be deducted from the amount offered.

Mrs P raised some additional concerns which included not being called back as promised and not being reimbursed for additional gas usage. She said she'd been signed off from work due to an increase in medication for her migraines because of the stress of the claim.

Admiral issued three final response letters to the complaints Mrs P had raised over the course of her claim and paid her a total of £825 to compensate her for poor service. It said that if she would like her to consider reimbursement for her being signed off from work, she should provide it with additional information, for example her payslips showing earnings before and after being signed off by a doctor.

Mrs P remained unhappy and asked our service to consider her concerns.

Our investigator didn't think Mrs P's complaint should be upheld. He thought Admiral's settlement offer was fair and reasonable. He agreed that Admiral had handled the claim poorly, but he thought the £825 compensation it had awarded fairly reflected the impact of its actions in line with our approach.

Mrs P disagreed with our investigator's outcome. She made some further comments regarding the builders quotes she'd provided and said she'd accepted the settlement believing she could come to the Financial Ombudsman Service to help her get any remaining settlement due. She said they'd had to get the work started for her own mental health, the state of the house and her family. However, this had meant going against the advice of her builder and building regulations. There were other items that couldn't be replaced like for like due to a lack of funds and the decoration was unfinished.

Mrs P said she had presumed she would still have to pay for a call out if she'd used her home emergency cover. She felt Admiral should have told her she wouldn't have had to pay for repairs if needed in her initial call. She also made some further comments about the premium increase at renewal, being given incorrect advice about her excess and her gas usage.

Mrs P commented that the time taken to deal with her claim was appalling. She said she had been signed off work for six months and it had impacted her mental and physical health, job, future career and financial stability. It had also potentially affected her house further down the line as work might need re-doing. She said she had been sending her payslips to Admiral but there had been no word on the salary. She wanted her £800 excess back, the bill she had paid to her plumber and compensation for lost earnings.

After our investigator asked Admiral for its position regarding Mrs P's loss of earnings, it said it had reviewed the information Mrs P had provided but it wasn't enough to accept liability. Our investigator then shared some further documentation Mrs P had provided which included letters from her GP, neurologist and her employer. Admiral said in order for it to accept liability for Mrs P's financial loss, the failings of the claim would need to be evidenced as the direct and sole reason for her migraines. It didn't believe that the evidence showed this as the migraines were a pre-existing condition.

Our investigator concluded that Admiral's decision not to cover Mrs P's loss of earnings was fair and reasonable. He didn't think it was possible to specifically say that her migraines were triggered by the stress caused by Admiral's actions, rather than the claim itself.

Mrs P said she'd made Admiral aware that she already suffered from migraines on multiple occasions. These were managed with long term medication for many years, and she'd never previously had to take more than one or two consecutive weeks off work. She also made some further comments about why she believed Admiral's service failures were the cause of the peak in her stress levels which ultimately led to her not being able to work.

Mrs P provided a recording of a telephone conversation she'd had with Admiral's complaint handler where her migraines were discussed, and she was advised to provide payslips to

evidence her loss of earnings. She also provided a letter from her neurologist to show that her MRI scan from April 2024 was normal.

As Mrs P disagrees with our investigator's outcome, her complaint has been passed 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 not to uphold Mr and Mrs P's complaint. I'll explain why.

I've considered everything Mrs P has told our service, but I'll be keeping my findings to what I believe to be the crux of her complaint. I wish to reassure Mrs P I've read and considered everything she has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

### Claim settlement

The policy's terms and conditions say:

*"We will decide how to settle your claim. We will either pay the cost of rebuilding, repairing or replacing any damaged part of the buildings covered under this policy, or pay you a cash settlement for the same amount it would have cost us to use our chosen supplier for a necessary repair or replacement. The cash settlement may be less than the cost of rebuilding, repairing or replacing the damaged part."*

*If we decide not to rebuild or repair the damage, we will pay either:*

- *the amount by which the property has reduced in value because of the damage, or*
- *the estimated cost of repair, whichever is lower."*

I can see that Mrs P provided at least two quotes for repairs for Admiral's consideration. One of these was for around £21,240. Following the surveyor's visit in February 2024, Admiral offered Mrs P around £16,500 to repair the damage to the property. This was paid to her in March 2024, after the policy excess of £800 had been deducted.

I understand Mrs P feels the settlement Admiral paid her is far too low. However, the policy only provides cover for loss or damage as a result of a cause listed in the policy, which in this case was an escape of water event. The builder's quote included elements that weren't covered, such as tanking the walls, replacing a concrete floor slab and providing a damp proof membrane.

I appreciate Mrs P feels that Admiral should meet these costs to bring the property up to building regulation standards. However, the intention of an insurance policy is to put the consumer back in the position they were in before the insured loss occurred. We wouldn't usually expect an insurer to put a property back into a better position than it was in previously or to add preventative measures to protect the property from further damage, which the consumer didn't have previously. So, I don't think it was unfair for Admiral to refuse to include these costs in its settlement offer.

Mrs P has commented that the amount she was paid by Admiral wasn't enough for her to replace certain items and complete redecoration works. The policy terms allow Admiral to limit its costs to what it would have cost it to use its own suppliers. But I can see that it also gave consideration to the actual costs of Mrs P getting the work done by her own builders. While it did pay less than the quote for a few items, it agreed to many of the items in the quote and uplifted the whole amount by 10% to account for any increases in labour and material. So, I think Admiral's settlement for the building repairs was fair and reasonable.

#### Policy excess

Mrs P has complained that she wasn't told that the £800 policy excess would be deducted from the amount she was offered by the surveyor who visited in February. Looking at the emails between Mrs P and the surveyor, there doesn't appear to be any mention of the excess. Although I can see that the surveyor provided Mrs P with a breakdown to show how the settlement had been calculated.

Mrs P says she asked one of Admiral's claims handlers if she would be paid the full amount quoted by the surveyor into her bank account and he said she would. Admiral has acknowledged that she was told this over the phone. However, in a follow-up email the claims handler gave a breakdown of the settlement showing that the amount paid would be less the £800 excess. So, while Mrs P was misadvised, she appears to have been given the correct information soon after.

The policy's terms and conditions say that the excess is the amount a policyholder must pay towards any claim and the excess amounts are on the policy schedule. And Mrs P has acknowledged she was aware of the £800 excess that applied from emails sent by the first surveyor who visited her property.

I appreciate Mrs P was disappointed to find that the amount she would be paid was less than she was expecting. However, I'm not persuaded that Admiral was required to waive it because she was given some inaccurate information over the telephone. Admiral's complaint handler offered to refund the excess to Mrs P so it could be collected at a later date if she needed it for the repairs. The impact of the miscommunication was also considered in Admiral's compensation award. I think this was reasonable.

#### Gas usage

In her complaint to Admiral in March 2024, Mrs P raised concerns that she hadn't been reimbursed for additional gas usage while the property was being dried. She said she was advised by the drying company to increase heating to help dry out the wall. Her log fire couldn't be used because the television had been placed in front of it to account for the dryers. She said it was mentioned that a proportion of heating and electricity costs was to be covered by insurance.

In its response to Mrs P's complaint Admiral said it had instructed the drying company to pay 15% towards her gas bill. And Mrs P has confirmed that she has since received a payment for gas. Given the time of the year, I think it's likely Mrs P would still have needed to have her heating on some of the time. So, I think this was reasonable.

#### Plumbing costs

Mrs P has complained that Admiral didn't advise her the cost of repairing the leak might be covered by her home emergency policy when she initially informed it of the escape of water incident. Mrs P says she didn't realise this until she read her renewal documents in January

2024. She was then told the home emergency team needed to be notified in a 48 hour window.

The home emergency section of the policy's terms and conditions says:

*"If there is an emergency in your home, we will arrange and pay for work to be carried out to make a temporary repair of damage caused by specified events. The maximum you will be covered for is £500 per claim."*

There is an exclusion under this section which says Admiral will not cover:

*"Any emergency not reported to us within 48 hours of it being discovered."*

I've listened to a recording of Mrs P's call to Admiral after she discovered the leak. She was told it would cover resulting damage caused by the leak and trace and access costs. The adviser said it would be down to Mrs P to arrange for the leak to be fixed. Towards the end of the call, the adviser said she could see Mrs P had home emergency cover and gave her the telephone number to call. Mrs P said she would wait for her plumber to come but would call the home emergency number if the leak seemed to be getting worse or more water was coming through.

I appreciate Mrs P feels she could have avoided paying plumbing costs if Admiral had advised her to make a home emergency claim. However, Mrs P would have been provided with the policy's terms and conditions when she took the policy out and she was also given the phone number of the home emergency team. So, I think she was given sufficient information to allow her to decide whether or not to make a home emergency claim.

#### Premium increase at renewal

Mrs P also raised concerns about the increase in her premium in January 2024. She says that she was unable to change insurers because of the ongoing claim.

It isn't our service's role to tell a business what it should charge or determine a price for the insurance it offers. This is a commercial decision for the business to make. However, we can consider if a consumer has been treated fairly and in line with how other customers have been treated.

Admiral has provided us with information to show how various factors have impacted the insurance premium. I can't share this information with Mrs P because it's commercially sensitive. However, I can see that her claim has had quite a big impact on the premium she was charged. There was also a general increase in premium which Admiral says is largely due to a general increase in claims costs. Inflation has driven an increase in the cost of materials and labour, as well as the cost of replacing household goods over the past few years.

There has been a general increase in the price of household insurance for the reasons Admiral has mentioned. Mrs P's claim would likely make a difference to the premium charge by other insurers as well.

I appreciate Mrs P was left with fewer options to switch insurers due to the open claim. However, I haven't got any information to show me that she would have been able to get a lower premium with a different insurer if the claim had concluded prior to renewal. So, I'm unable to establish if she experienced a financial loss here. However, I have considered the frustration she experienced as a result of not being able to change insurers in the overall amount of compensation I think she should be awarded.

### Communication and delays

Admiral has acknowledged that some of its communication with Mrs P was poor. For example, she didn't receive promised call backs on more than one occasion. Admiral also accepted what Mrs P had said about feeling belittled by the first surveyor.

From what I can see there was a delay in the drying company attending and drying equipment was installed more than two months after the claim was made.

There was also a delay in Admiral reviewing the quotes from Mrs P's builders. Admiral made its final settlement offer more than three months after Mrs P had submitted the quote it was based on. While it would always have taken some time to validate the quote, I think Admiral should have dealt with this more quickly.

It took almost seven months from the start of the claim until the settlement was paid. Based on what I've seen, I think Admiral was responsible for delays of a few months.

I think these delays resulted in some additional disruption for Mr and Mrs P. I understand furniture had to be rearranged and Mr P had to wash his hands in the kitchen due to the utility room being out of use. This was a health and safety concern due to the nature of his work. While this disruption was an unavoidable result of the incident and claim, I think it did last longer than it should have done.

I've taken the impact of delays and Admiral's poor communication into account when considering the overall compensation award.

### Loss of earnings

I understand that Mrs P was signed off from work due to sickness in January 2024. She says this was due to having to increase medication she was taking for migraines. Mrs P believes Admiral is responsible for the increase in the frequency of her migraines due to the stress she was caused by its handling of her claim. She feels it should compensate her for a loss of earnings.

In its final response letter of March 2024, Admiral indicated it would be willing to consider reimbursing Mrs P for being signed off from work as a result of the effects the claim had on her long term illness. This was also discussed in a telephone call with the complaint handler, which I've listened to. Mrs P was advised to provide additional information, such as payslips showing earnings before and after being signed off by her doctor.

However, after receiving further information, Admiral said it wasn't willing to cover Mrs P's financial loss because it didn't believe the failings of the claim were the direct and sole reason for her migraines.

Mrs P has provided medical evidence to support what she's said about being unable to work due to the migraines and the medication she's been taking for these. She's also provided a letter from her employer and payslips to show a decrease in her pay going from full pay to half pay to statutory pay.

Mrs P's neurologist has mentioned stress being one of the triggers for Mrs P's migraines in a letter she's shared with us. He's commented that Mrs P *"has had a lot of stress which clearly is part of the problem, her house was flooded from a leak and she has had difficulties with the insurance."*

The neurologist's letter confirms what Mrs P has told us about her medication increasing in January and the side effects she's suffered as a result. And Mrs P has provided a letter from her employer which confirms that she is unable to carry out her role due to the migraines and side effects of the medication.

I think it's clear from the information Mrs P has provided that she was unable to work from January due to poor health. And I understand that the drop in her income has caused a big strain on the family's finances. However, in order to tell Admiral to compensate Mrs P for her financial loss, I'd need to be persuaded that this was due to its mishandling of the claim. Mrs P has been suffering from migraines for a number of years and she has told us she was still signed off work a number of months after Admiral had settled her claim.

Even if the claim had been handled efficiently throughout, Mrs P would have experienced inconvenience and stress due to the damage caused by the escape of water incident and having to deal with the claims process.

Mrs P has commented that if it wasn't for Admiral's mishandling of the claim her stress levels wouldn't have reached such a high peak. She says her migraines wouldn't have got to the level where a rise in the dose of medications was needed.

I appreciate Mrs P strongly believes that she wouldn't have had to take time off work if Admiral had handled her claim better. But I haven't seen strong enough evidence to support her opinion. So, while I empathise with Mrs P, I'm not persuaded that Admiral should be held responsible for her being unable to work. It follows that I don't think it needs to compensate her for a loss of income.

#### In conclusion

I think Admiral is responsible for causing Mrs P some unnecessary distress and inconvenience due to poor claims handling and delays. However, it has paid Mrs P a total of £825 compensation. This is in the range of what our service would typically award where the impact of a business's mistakes has caused substantial distress, upset and worry. We'd award this in cases where there may have been serious disruption to daily life over a sustained period, with the impact felt over many months.

I know my answer will be disappointing for Mr and Mrs P, but having considered everything, I think the compensation Admiral has already paid reasonably recognises the impact of its service failings on them. So, I don't require it to do anything further in relation to their complaint.

#### **My final decision**

For the reasons I've explained, I don't uphold Mr and Mrs P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 8 November 2024.

Anne Muscroft

**Ombudsman**