

The complaint

Mr M is unhappy that Admiral Insurance (Gibraltar) Limited (“Admiral”) declined his Property Owner’s Liability claim.

What happened

The background to this complaint is well-known to both parties. So I’ve set out a summary of what I think are the key events.

Mr M had buildings insurance underwritten by Admiral. The policy included cover for property owner’s liability. In June 2022, Mr M received a liability claim from a postal worker’s solicitor. The claim was for a minor injury caused by Mr M’s dog in February 2022, and the subsequent time off work.

Mr M contacted Admiral about claiming under his policy. It told him not to communicate with the solicitor and said all contact must go through Admiral.

Admiral noted that Mr M had buildings insurance only, so it asked for confirmation of where the incident took place. It clarified that the dog and postal worker were within Mr M’s property boundary. Seven months later, in January 2023, Admiral contacted Mr M to say his policy didn’t provide cover. It said that because the dog caused the injury, he would need to raise a claim with his contents insurance provider, under the occupier’s liability section. Mr M didn’t have a contents insurance policy.

The following month, when his policy renewed, he contacted Admiral to query a charge on his policy for the declined claim. Admiral confirmed the claim should’ve been declined on first notification and again said that the claim was declined.

In November 2023, Mr M received an out of court settlement notification for the postal worker’s claim. Mr M complained to Admiral because he felt the charges had increased during the time he thought Admiral was dealing with his claim.

Admiral upheld his complaint in part and offered £300 compensation for the delay. However, it maintained that the policy didn’t provide cover for the liability claim. Unhappy with Admiral’s response, Mr M brought his complaint to us.

One of our investigators looked into the complaint and thought it was one we should uphold. He said, in the absence of contents insurance Admiral should’ve treated Mr M’s owner’s liability as including occupier’s liability. Therefore, our investigator thought that Admiral should reconsider the claim in line with the policy terms and conditions.

Admiral didn’t agree. It provided two examples of published complaint outcomes to support its view that property owner’s liability insurance only covered injury caused by the structure of the building. So the complaint was 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 to uphold Mr M's complaint for broadly the same reasons as set out by our investigator. I'll explain.

The key issue of Mr M's complaint is that Admiral led him to believe it was handling his claim, which it then declined some months later. And because of that, Mr M says the cost of the claim increased.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. My role is to decide based on the evidence available, the policy terms and conditions, and any applicable rules, whether Admiral handled Mr M's claim fairly and reasonably in all the circumstances.

To begin with, there's no dispute that Admiral didn't decline Mr M's claim promptly. The account notes it provided show that it took around seven months to clarify whether the buildings insurance provided cover in the circumstances, and to let Mr M know that it didn't. During that time, Mr M followed Admiral's instructions not to deal directly with the postal worker's solicitor, so he was unaware of the liability claim progression. Admiral offered £300 compensation for its service failures, which I think is fair in the circumstances.

The policy sets out the detail of the contract between Mr M and Admiral. The wording relevant to this complaint is as follows:

What is covered

Property owner's liability

Amounts you or your family legally have to pay, as owners of your home, for causing accidental death or injury.

The section headed *What is not covered* doesn't include anything to suggest Mr M's claim would be specifically excluded.

I accept that Admiral declined Mr M's claim strictly in accordance with its own interpretation of the policy's definition of owner's liability. That is, any injury must've been caused by the structure of the property for the policy to respond. I've considered this carefully, but I don't agree that it was fair in the circumstances for the following reasons:

- Looking at the policy wording above, I can't reasonably conclude that there's anything to suggest it only applies to injury caused by the structure of the property.
- Admiral's account notes show it took seven months to interpret the policy wording, suggesting it lacked clarity.
- As Admiral struggled to interpret its own policy wording, I think it's unreasonable to apply that interpretation of the terms in a way that disadvantages Mr M.
- Good industry practice indicates that where a policyholder only has buildings insurance and, therefore, only has owner's liability cover, it is reasonable to consider that the policy also includes occupier's liability.

I've looked at the example cases Admiral provided in support of its challenge to our investigator's view, and I agree that the examples are as it says. However, Mr M's complaint has its own set of unique circumstances, and it's those circumstances I've taken into consideration when reaching my decision.

Overall, I find that Admiral unfairly declined Mr M's claim for the reasons it gave. To put matters right, it should reconsider his claim in line with the remaining terms and conditions of

the policy, without relying on its interpretation that injury must be caused by the structure of the building. Admiral didn't handle the claim promptly, but I see no reason to ask Admiral to pay any more compensation than it has already offered. However, my decision is based on the understanding that Admiral will pay £300 compensation, if it has not already done so.

To be clear, I'm not asking Admiral to simply settle the claim. I should also point out that Mr M's policy did not provide cover for Legal Protection.

My final decision

For the reasons I've given, my final decision is that I uphold Mr M's complaint and Admiral Insurance (Gibraltar) Limited must:

- reconsider Mr M's property owner's liability claim under the remaining terms and conditions of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 October 2024.

Debra Vaughan
Ombudsman