

The complaint

Mr and Mrs C complain about Admiral Insurance (Gibraltar) Limited's (Admiral) claim handling and its settlement payment following a claim for an escape of water, under their home buildings insurance policy.

I'll refer to Mr C in my decision for ease.

All references to Admiral include its agents and contractors.

What happened

On 28 September 2023 Mr C contacted Admiral to report an escape of water. He contacted a plumber to fix the leak. Admiral then arranged for another company to manage the claim. Mr C says a surveyor visited his home, but he refused to speak to Mrs C. He says both he and his wife are policyholders, so there was no reason for this. Two days later he received an email advising the potential for asbestos in his home and that this should be tested. The email also offered a settlement payment for £2,674.66.

Mr C rejected Admiral's offer. He was also concerned that the potential for asbestos wasn't highlighted sooner. He has two young children, one of whom has a medical condition. Mr C says this was a worry for him and his wife.

Mr C asked for Admiral to review its offer. Following a review by its in-house surveyor it offered £8,000. Mr C says this didn't cover several of the items it should've. Including the bathroom flooring, a ceiling, the cost of a plumber, as well as plastering and decorating the hallway. Mr C says he's spent a lot of time speaking to contractors and arranging quotes. He says the claim has taken far too long and a settlement was forced on him by Admiral.

Mr C says the standard of service he received from Admiral has been poor, including call backs that didn't happen. Admiral told him the claim would be resolved before Christmas 2023. But this wasn't the case. He says his home has a hole in the hallway ceiling and several walls have visible water damage. Mr C says that mould is developing, and his home is in a hazardous condition.

Admiral sent Mr C three final complaint responses dated 13 & 15 December 2023 and 5 January 2024. In the first it agreed to pay £150 compensation. It says there had been issues with the settlement payment, and this had been increased to £8,284.34. It says its contractors failed to complete certain tasks effectively, causing delays. Admiral told Mr C that it couldn't identify evidence of its surveyor displaying a poor attitude. But it acknowledged instructions for an asbestos test should've been made earlier.

In its second response Admiral says it had reviewed its final settlement offer for £8,284.34 and was satisfied this was correct. In its final response it confirmed it had paid Mr C £150 compensation for its surveyor refusing to discuss matters with Mrs C, for not returning calls, and because the claim wasn't resolved by Christmas 2023. It maintained that its scope of works included all insured repairs. Admiral says it paid the settlement amount as it was satisfied this accurately covered the cost of repairs under its policy cover. This was despite Mr C's view that it wasn't enough. Admiral says that had asbestos been found it would have arranged its removal, which is why this wasn't included in the settlement amount.

Mr C didn't think Admiral had treated him and his wife fairly and referred the matter to our service. Our investigator didn't uphold his complaint. He was satisfied that Admiral's scope of works covered the insured repairs caused by the escape of water. Also, that the asbestos removal, if needed, would've been arranged by Admiral separately. Our investigator says if Mr C wants Admiral to complete the works using its contractors this can be arranged. He didn't think there were any significant delays in progressing the claim, but he did identify some service failings, which he thought was reasonably acknowledged by Admiral's payment of £150 compensation.

Mr C didn't agree with our investigator's findings and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in September 2024 explaining that I was intending to uphold this complaint in part. 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, I'm upholding this complaint in part. Let me explain.

In the event of an insured loss Admiral must ensure Mr C is placed back in his pre-loss position. I've thought carefully about whether it did this here.

Mr C's policy terms 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."

I've read the claim records Admiral provided. It appointed a contractor to assess the damage on 5 October 2023. Mr C says the surveyor refused to discuss the claim with his wife. And he didn't hear anything until two days later when an email was sent warning of potential asbestos. He was offered £2,674.66 as a settlement payment at this time.

I can see from Mr Cs policy schedule that his spouse is covered under the policy. Admiral concedes, in its complaint response from January 2024, that its surveyor was able to discuss the claim with Mrs C. It refers to a miscommunication that prevented this. I can understand why Mr C was frustrated. Had the surveyor acted correctly it would've allowed a discussion to take place much sooner. The surveyor could've discussed the claim and the proposed resolution as well as highlighting the potential asbestos issue earlier.

Mr C says he spent a great deal of time speaking to contractors and arranging for quotes to be provided. All of which were costed well above the settlement offers Admiral made. I can see from the claim records that when Mr C rejected the first settlement offer, Admiral referred the matter to its in-house surveyor. The claim notes say the surveyor didn't blame Mr C for rejecting the initial offer. He says it was "missing works" and has "much room for improvement". The surveyor also refers to the quote Mr C had provided as being "extremely inflated". I can see from the records provided that this quote was for just under £25,000 excluding VAT.

A visit was arranged for the in-house surveyor to assess the damage and provide a revised scope of works. The visit took place on 15 November 2023. A SOW was produced around two days later. This set out the cost of repairs at £7,628.08. The records show the in-house surveyor agreed for this to be increased to £8,000. This was communicated to Mr C on 21 November. He wanted to check if he could find a contractor to agree to complete the repairs for this amount, before accepting. Mr C then requested the SOW on 30 November so his contractor could price up the job based on the repairs Admiral had agreed to cover.

Mr C chased for the SOW on 4 December 2023. This was sent the same day. Mr C then queried missing items. This included asbestos testing and replastering of the hallway and ceiling. The records say a section of plasterboard and skim can be added where part of a wall has been cut out. But the in-house surveyor states not all walls need replastering and that a stippled finish had already been factored in for the ceiling. The surveyor then comments on Admiral arranging the asbestos testing. He says its contractors can remove any asbestos if the test is positive. Either that or it will add an amount to the SOW for the removal. This approach seems reasonable. But it's apparent that this work wasn't originally included in the settlement offer, and the asbestos testing hadn't been arranged or communicated clearly with Mr C. I can understand the concerns he had about this given the potential exposure to asbestos for him and his family.

The records show Mr C was advised by the contractors he approached that the walls in his hallway needed replastering. I understand the plasterwork had degraded to the point that removal of the wallpaper would result in it crumbling off. Mr C explains that the walls in the hallway have matching wallpaper. As the wall affected by the leak needs repairing this meant the other walls also needed to be stripped of wallpaper. The other walls weren't affected by the leak, but repairs were necessary to ensure the wallpaper matched.

Mr C's policy schedule says that "matching items" cover is included under his building's insurance. Page ten of his policy booklet explains that when selected this covers a matching set or suite of items such as a bathroom suite, fitted kitchen, an area of wall tiles, floor coverings or a furniture set. This doesn't specifically include wallpaper. But it isn't intended as an exhaustive list. Based on this I think Mr C's policy does reasonably provide cover for the loss of match in his hallway. Not all walls were damaged but in repairing the one that was damaged, Mr C will be left with a mismatch in the wallpaper. Admiral should therefore include the cost of wallpapering the hallway in the claim. That said, the damaged plasterwork isn't claim related and isn't something Admiral should pay for.

The records show a revised settlement for £8,284.34 was communicated to Mr C on 14 December 2023. This was Admiral's final offer. Mr C wanted to know if this covered alternative accommodation costs. It didn't. But I can see this was then considered by Admiral based on Mr C's estimate that this would cost £2,050. Admiral paid its settlement offer less the £750 policy excess on 21 December, in addition to £2,050 for alternative accommodation costs. I can see from the records that Mr C didn't agree that the settlement payment was sufficient to cover the cost of the repairs he was going to have to pay for. He provided a further quote, but this didn't result in a change in the settlement Admiral was willing to offer.

Mr C says he didn't request a cash settlement at the outset. He says he asked for Admiral to complete the repairs, which he repeated on several occasions. I can see our investigator asked Admiral if it could still arrange for the repairs to be completed if Mr C returned the settlement payment. It confirmed it could arrange this.

I've thought carefully about this point. Mr C has clearly gone to some effort to obtain quotes to complete the repairs at his home. From what I can see the quotes mirror the work set out in Admiral's SOW. However, the cost to Mr C to complete the works is significantly higher. I've read the claim records in full. I can't identify any reference to Admiral advising Mr C that it could complete the repairs using its own contractors. The records only show that a settlement was offered. I would expect Admiral to communicate this option clearly. Especially given the significantly higher cost for Mr C to arrange the repairs. I can't see that this was done.

Mr C does say he didn't want the first company Admiral appointed to be involved in the repairs. This is because of the issues with the surveyor and the unrealistically low settlement offer. But he maintains that Admiral didn't offer to complete the repairs.

I asked Admiral to explain why it didn't offer to complete the repairs. In its response it says it was Mr C who chose the cash settlement route. However, Mr C is clear that Admiral didn't offer to complete the work. I asked Admiral to provide evidence to show it offered to carry out the repairs. It responded to say that it had made an error and that it didn't offer to complete the repairs. This is because it found pre-existing damage to the floor tiles unrelated to the leak. Admiral says its contractor network wouldn't be an option due to a long-term leak and pre-existing issues to the floor. It says there was a risk of additional damage being uncovered, that wasn't claim related, that would overlap with the insured repairs. Admiral says its surveyor relayed this information to Mr C.

I've listened to the audio notes recorded by Admiral's surveyor. One of the recordings refers to a cash settlement. The surveyor says this will have to be how the claim is settled due to pre-existing damage to the bathroom floor and floor tiles. However, there is no record of the surveyor telling Mr C that a cash settlement was the only option.

Admiral has since advised that it didn't intend indicating to our service that it could arrange the repairs using its repair network. It apologised for any confusion caused but made clear that this wasn't possible due to the pre-existing damage described.

I've read through Admiral's SOW. I think this reasonably covers the insured repairs. The settlement payment offered is below the quotes Mr C obtained. But insurers have established relationships with building firms that allow them to benefit from reduced rates. This often means the quotes an individual obtains are higher than the insurer pays. We don't think it's unfair for an insurer to base its settlement on what it would pay for the work. I'm satisfied in these circumstances that it was reasonable for Admiral to offer a settlement payment, given the description of the pre-existing damage. I don't think Mr C's shown the settlement Admiral offered to be unfair. So, I can't reasonably ask it to increase it.

I asked Admiral whether it had paid the plumber's costs Mr C had claimed for trace and access when repairing the leak. It responded to say that this wasn't included in its surveyor's settlement calculation and was therefore missed. I can see no reason why this shouldn't be included in Mr C's claim. Admiral should ensure this is now paid.

I've thought about Mr C's comments that he was provided with a poor standard of service. I think there is evidence of this. There were occasions when call backs weren't carried out. The first surveyor who assessed the damage delayed matters by not talking with Mrs C. Admiral hasn't provided records to show its surveyor told Mr C it couldn't arrange the repairs

and the reason why. This caused confusion. Overall, this has resulted in some delays and added further inconvenience.

Under the Financial Conduct Authority (FCA) dispute resolution of DISP rules, I'm only able to consider those issues raised by Mr C in his complaint to Admiral. I understand the repairs are still incomplete, but I'm only able to consider the impact this had up to 5 January 2024 when Admiral provided its final complaint response. Mr C will need to raise another complaint to deal with any issues after this date.

Having considered all of this Mr C has clearly been caused inconvenience and some stress as a result of poor communication and poor claim handling. The first settlement offer was less than half the repair cost established by Admiral's in-house surveyor. It's not clear why this was so much lower given a site visit was undertaken to assess the damage. This delayed progress of the claim and caused a great deal of frustration for Mr C. Had the claim handling and communication been better this will have avoided some of the disruption and inconvenience Mr C and his family experienced.

In these circumstances I think it's fair that Admiral pays compensation. It's already paid £300. But I think to acknowledge the impact all of this had on Mr C and his family up to 5 January 2024, it should pay a further £200.

I said I was intending to uphold this complaint and Admiral should pay a further £200 in compensation, include the hallway wallpapering in the claim, and refund the plumber's fees plus 8% interest.

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 provisional findings.

Mr C responded to say it took until 18 December 2023 for an asbestos test to be carried out. And a further nine days before the negative result was obtained. He says this was an extremely worrying time for him and his family.

Mr C maintains that Admiral hadn't accounted for like-for-like flooring replacement. He says the matching items clause should cover replacing the crumbling plaster in the hallway. He also says the final settlement was paid without his agreement.

Mr C says he wasted time obtaining quotes for the work as Admiral had no intention of using this information. He also says the settlement should've included replacement of the hallway plaster ceiling, under the matching items clause. He says the settlement Admiral offered is well below the market rate.

Mr C disputes Admiral's reference to pre-existing damage. He believes this work should've been included in the settlement. He also says he hasn't received £300 in compensation from the business.

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'm not persuaded that a change to my provisional findings is warranted.

In my provisional decision I acknowledged the concerns and worry Mr C raised about

Asbestos. There was no asbestos found. But he was clearly caused some distress by the delay. The compensation I set out included acknowledgement of this point.

I acknowledge Mr C's further comments about the SOW. In particular the repairs he says should be included in the hallway, under the matching cover clause. Also, the flooring, which includes pre-existing damage. I've re-read the evidence he and Admiral provided, but I've not seen anything that shows additional work should be included in the settlement. The matching cover should provide for a match in the hallway wallpaper. But I don't agree with Mr C's view regarding other areas of his home. Similarly, pre-existing damage isn't covered by Mr and Mrs C's policy. So, I don't agree with what he says on this point.

I note Mr C's comments about the time and effort he went to when obtaining quotes. I understand his point. But I think it was reasonable for Admiral to request quotes as it's repairer network couldn't do the work. This was due to the pre-existing damage that was present in the areas requiring repairs. Based on the SOW and costings Admirals' surveyor produced, Mr C's quotes appeared to be very high, which is the comment the surveyor made. In these circumstances I don't think it was unreasonable for Admiral to base its settlement payment on its surveyor's estimate.

In my provisional decision I said Admiral should pay Mr C £200 compensation on top of the £300 it had already paid. If it hasn't already paid this amount it should do. But this doesn't require a change to my decision.

I'm sorry Mr C is disappointed with my decision. But having reconsidered everything, along with his further comments I'm satisfied that my provisional findings are fair and reasonable. 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 Mr C a further £200 in compensation for the stress, frustration and inconvenience he's been caused;
- pay the reasonable cost of wallpapering the hallway; and
- refund the plumber's fees in line with its policy terms and conditions, adding 8% simple interest from the date Mr C paid this amount until payment is made

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 15 November 2024.

Mike Waldron
Ombudsman