

The complaint

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

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 mid-2024, Mr and Mrs R made a claim under their home insurance policy with Admiral for damage caused by an escape of water.

Admiral instructed a surveyor who attended the property about two weeks after the claim was made. The surveyor concluded that the damage wasn't covered by the policy.

Mr and Mrs R raised a complaint. They were unhappy that their claim hadn't been validated and they hadn't been moved into alternative accommodation. They felt Admiral should have appointed a specialist expert to test for asbestos in a ceiling that had collapsed due to the leak. They also raised concerns about the conduct of the surveyor and the customer service provided by Admiral.

Admiral acknowledged some poor customer service and paid Mr and Mrs R £200 compensation for trouble and upset. But it said it couldn't identify any errors or delays in the progress of their claim. It said Mr and Mrs R's claim had been declined due to lack of mitigation. It also referred to a policy term which excluded cover for water escaping from faulty, failed or inadequate grout or sealant. It said it wouldn't be proceeding with Mr and Mrs R's claim at present, but if they could provide a cause of damage report from the home emergency company who'd attended their property it would review the claim.

Mr and Mrs R remained unhappy and asked the Financial Ombudsman Service to consider their concerns.

Our investigator thought Admiral's decision to decline the claim was fair. But she recommended Admiral pay Mr and Mrs R a further £150 compensation for poor customer service.

Mr and Mrs R disagreed with our investigator's outcome. They said it was clear from the information they'd provided that Admiral had acted deceitfully and caused deliberate delays. They reiterated their complaint points and provided a detailed account of events that related to their claim. They asked for their case to be referred to an ombudsman. So, the 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 reached broadly the same conclusions as our investigator. I'll explain why.

I've considered everything Mr and Mrs R have told our service, but I'll be keeping my findings to what I believe to be the crux of their complaint. I wish to reassure Mr and Mrs R I've read and considered everything they've 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.

I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise. In this decision, I've considered events Mr and Mrs R have complained about up until Admiral's final response of 26 July 2024.

Since bringing their complaint to our service, both parties have confirmed that Admiral decided to accept Mr and Mrs R's claim. I understand this was quite a long time after they made their claim, but I'm unable to consider what happened after 26 July 2024 in this decision. If Mr and Mrs R have concerns about Admiral's handling of their claim after that date, our service may be able to consider these in a separate complaint.

Claim validation

The relevant industry rules require insurers to handle claims promptly and fairly. They should provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress. And they should not unreasonably reject a claim.

I've listened to the call where Mrs R notified Admiral of the claim. She says there was water damage due to leaks from the bathroom and an emergency plumber was currently capping off the pipes. The leaks had caused damage to the kitchen ceiling below. There was also damage to the bathroom floor. She says there was another leak coming from a toilet in the ensuite and there was some damage to the floor of that room. While they were dealing with that issue, there was more damage towards the wall in between the bathroom and ensuite and her husband suspected there was a leak coming from the bathroom which was the leak she was mentioning that day and it had just been capped off. Mrs R said she'd first noticed the new leak the day before and there were also vermin problems under the bath.

I can see that Mrs R sent Admiral a picture of the ceiling the same day. There is some yellowish-brown staining on the ceiling as well as a crack which appears to have water seeping through it. In a call with Admiral two days later, Mrs R says the ceiling had fallen down the day before.

From what I can see, Admiral initially intended to validate the claim remotely and provide a cash settlement. However, because the potential claim costs were quite high, it instructed a supplier to validate the claim. A surveyor was sent to the property to assess the damage around two weeks after the claim was made.

The surveyor noted that Mr and Mrs R had noticed yellow/brown staining for about six months, then more recently noticed dripping through a crack. He noted that a home emergency plumber attended and thought it was an issue with the central heating pipes and repaired the connection to the pipes. Later that evening the water started to come through

the ceiling again and part of it collapsed due to the poor workmanship of the home emergency plumber.

Mr R and Mrs R dispute there being a leak in February 2024. They say the stains on the ceiling were caused by the leak that happened in July. However, I've listened to a voice note from the surveyor's visit. In this, he says the policyholder advised she first became aware of any damage in February 2024 when she could see water coming through the gaps in the tiles in the ensuite. He also says there was pre-existing yellow staining to the ceiling which Mrs R believed was due to the leak from the ensuite. And Mrs R confirms she was happy with what the surveyor had said at the end of the recording. So, I think the surveyor's notes in his report are likely to reflect what Mrs R told him during the visit.

The surveyor concluded that the damage was consistent with failed sealant around the shower tray and shower door area and there had been a failure to mitigate loss. He noted that the additional loss after this from the home emergency plumber due to poor workmanship would also not be covered by the policy. He recommended that the claim be declined.

In its response to Mr and Mrs R's complaint in July 2024, Admiral said their claim had been declined due to a "*lack of mitigation*" and referred to a policy condition which says:

"You and your family must maintain your property in a good state of repair and take care to prevent any accidents, loss, damage or injury. If loss or damage does happen, you must take action to prevent further loss or damage, if it is safe to do so."

It also referred to a policy exclusion which says loss or damage caused by "*faulty, failed or inadequate grout or sealant*" is not covered under the escape of water peril.

Mr and Mrs R say the home emergency plumber caused the escape of water, and this was an insured loss. The plumber did not correctly drain the central heating prior to changing pipe connections on the central heating pipes under the bath.

I appreciate Admiral subsequently decided to accept Mr and Mrs R's claim. It's unclear from the information I have, on what grounds they decided to accept it. However, the policy's terms and conditions exclude "*any loss or damage caused by faulty design, inadequate or inaccurate plans or specifications, faulty materials or poor workmanship.*" And I understand the home emergency cover wasn't provided by Admiral. So, based on what I've seen, I don't think the surveyor's conclusion that the damage wasn't covered by the policy was unreasonable.

I appreciate it was frustrating for Mr and Mrs R that Admiral didn't accept their claim after the surveyor's visit in July 2024. I understand Mr and Mrs R feel that Admiral should have contacted the home emergency provider prior to declining their claim. However, I don't think it was Admiral's responsibility to obtain information to support Mr and Mrs R's claim from a third party. In its final response to their complaint Admiral said it would review their claim if Mr and Mrs R provided a cause of damage report from the home emergency cover company who'd attended. I think this was fair in the circumstances.

Alternative accommodation

The policy's terms and conditions say:

"If your home is not fit to be lived in due to loss or damage resulting from a buildings insured risk, we will pay the following:

- *The reasonable cost of temporary accommodation for you, your family and your pets, while your home is being repaired...*

Mr and Mrs R say their home wasn't fit to be lived in after the escape of water incident. I understand they were left without washing facilities. They were also concerned about a risk to their family's health due to the possibility of the damaged kitchen ceiling containing asbestos.

I appreciate it was a worry for Mr and Mrs R to stay in their home, particularly as they had young children. They also had to go to relatives to wash due to the absence of washing facilities in the property. However, under the terms of the policy Mr and Mrs R were only entitled to alternative accommodation if their home wasn't fit to live in due to damage from "*a buildings insured risk*". So, I wouldn't expect Admiral to arrange or agree to cover the costs of alternative accommodation prior to the claim being validated.

There was some discussion about alternative accommodation prior to the surveyor's site visit. However, Admiral has acknowledged that it gave Mr and Mrs R confusing information about their entitlement to alternative accommodation. It didn't make it clear that alternative accommodation would not be considered until their claim had been validated. So, I've considered the impact of Admiral's poor communication in the overall amount I think it should pay Mr and Mrs R for distress and inconvenience.

Asbestos testing

Mr and Mrs R say that Admiral failed to carry out asbestos testing as per policy wording.

There's no reference to asbestos testing in the policy's terms and conditions. Mr and Mrs R have sent us screenshots of wording from an article on Admiral's website which advises to leave debris alone if a ceiling (built before 2000) collapses and to stop people and pets entering the room. It says to speak to Admiral Home Claims Team, who will advise the best course of action. It also says:

"Most insurance policies are unlikely to cover asbestos removal, unless it is required as part of a valid claim, so it tends to fall to the homeowner..."

In the case of Admiral Buildings Insurance, we would rebuild, repair or replace parts of the buildings damaged by the causes covered under the policy – and this could potentially include parts consisting of asbestos, among other building materials.

If a claim is made involving potential asbestos damage, we appoint a specialist licensed expert to test the damaged area and authorise, where required, the removal of any damaged asbestos. This could entail sealing off the affected area, or even in some cases arranging alternative accommodation for the occupants until the area is cleared."

I appreciate Mr and Mrs R feel that Admiral should have carried out asbestos testing because their ceiling collapsed. However, I think it's clear from the above that Admiral was only required to do this if the building was damaged by "*causes covered under the policy*". It hadn't yet been established if the damage was as a result of an insured event at the time of Admiral's response to Mr and Mrs R's complaint. So, I'm not persuaded it needed to arrange for asbestos tests to be carried out prior to the claim being validated.

However, I think Admiral's communication with Mr and Mrs R should have been better. It doesn't appear to have explained the process or advised them on what to do. Fortunately, the asbestos test Mr and Mrs R arranged themselves came back with a negative result. If Admiral's communication had been better, Mr and Mrs R might have arranged the asbestos test sooner and this would have avoided some unnecessary worry about the potential risk to

their family's health. So, I've considered this in the overall amount I think Admiral should pay Mr and Mrs R for distress and inconvenience.

Customer service

Admiral has acknowledged some poor communication with Mr and Mrs R. There were occasions where callbacks were promised but not carried out. Mr and Mrs R also had to contact Admiral several times to chase for updates on the progress of their claim. Admiral didn't clearly explain the process to Mr and Mrs R which led to some confusion and frustration.

Mr and Mrs R also raised concerns about the conduct of the surveyor who attended in July 2024. They say he told them they were not considered vulnerable; they were not entitled to alternative accommodation and their claim was not urgent so they would be moved to the back of the queue.

I've no way of knowing exactly what was said at the visit or how it was said. However, Mr and Mrs R raised these concerns before they were informed that their claim was declined. The surveyor's report says "no" next to vulnerable customer and the surveyor did recommend that their claim be declined. So, on balance, I think Mr and Mrs R's account is likely to reflect what was said.

I understand it was upsetting for Mr and Mrs R to be told they weren't considered to be vulnerable or a priority, given that they had a young family which included a baby. I think it would have been helpful if the surveyor had explained that he intended to advise Admiral to decline their claim and advised them on the next steps they might take if they disagreed.

Overall, I think the customer service Mr and Mrs R received from Admiral and the surveyor was poor. I've considered the impact of this in my award for distress and inconvenience.

Distress and inconvenience

I understand this was a very distressing situation for Mr and Mrs R. However, when thinking about a fair award for compensation, I need to separate the impact of the escape of water event itself from the additional distress and inconvenience Mr and Mrs R experienced as a result of Admiral's poor service.

No matter how well Admiral had handled the claim, Mr and Mrs R would always have experienced some distress and inconvenience as a result of the damage to their home and the claims process.

In this decision, I'm only able to consider what happened over a three-week period from when Mr and Mrs R made their claim until Admiral responded to their complaint. Admiral awarded Mr and Mrs R £200 compensation in its response to their complaint. And our investigator recommended Admiral pay Mr and Mrs R an additional £150.

£350 is in the range of what our service would typically award where the impact of a business's mistakes has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. So, I think this amount reasonably recognises the distress and inconvenience Admiral is responsible for causing over the period I've been able to consider here.

I know my answer will be disappointing for Mr and Mrs R, but I'm not persuaded to increase the compensation award above the amount our investigator recommended.

Mr and Mrs R have acknowledged receiving the cheque for £200 from Admiral but they told us they hadn't cashed it. If they didn't cash the cheque before it expired, I'd suggest they ask Admiral to make the payment again if it hasn't done so already.

Putting things right

Admiral has already paid Mr and Mrs R £200. So, it should pay them an additional £150 to bring the total compensation for this complaint up to £350.

My final decision

For the reasons I've explained, I uphold Mr and Mrs R's complaint and direct Admiral Insurance (Gibraltar) Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 4 April 2025.

Anne Muscroft
Ombudsman