

The complaint

Mr G and Mrs M have complained about their home insurer Admiral Insurance (Gibraltar) Limited because it won't cover the cost to fit new waterproofing in their basement.

What happened

In October 2023 Mr G and Mrs M noticed water coming up through the floor in their basement. The local water authority resolved the leak causing the water ingress issue but, in doing so, changed the height of the ground outside the basement. Admiral accepted a claim for the resultant water damage to the property.

The property was dry by April 2024. But Mr G and Mrs M became concerned about the scope of reinstatement work. They had presented quotes to Admiral for reinstatement but it believed it wasn't liable for the waterproofing element of the scopes. It appointed a surveyor. The surveyor's report said the waterproofing, as quoted for, was required – but it was not for it to say whether that was something Admiral was liable for under the insurance.

In October 2024 Admiral issued a final response regarding the waterproofing. Admiral said there was no evidence of waterproofing in the property, so it wouldn't look to cover the cost of installing such. Regarding delays and poor communication throughout the claim, Admiral said it would pay £525 compensation. Mr G and Mrs M were unhappy. They felt it had been shown there was waterproofing in place. They complained to the Financial Ombudsman Service and also obtained their own expert report from "J".

J's report was shared by our Investigator with Admiral. Admiral accepted it showed there had been Type A waterproofing in place in the basement. But it noted the quotes were for Type C – which it felt equated to betterment. So it was still not willing to agree the quotes. But Admiral accepted that Type A waterproofing can't be repaired, so it said its liability would be for reinstating the basement with new Type A waterproofing. It said it would reimburse the cost of J's expert report.

Our Investigator reviewed the expert evidence available. She noted that both Admiral's surveyor and J found the new ground height at the property was an issue which would prevent Type A waterproofing being effective. She felt Admiral should be following the recommendations in J's report, as well as reimbursing its cost. Following Admiral's surveyor providing some additional comments, she explained to both parties that her view remained the same. Regarding Admiral's poor claim handling, she felt £525 compensation was fair and reasonable, she wasn't persuaded to make it pay any more.

Admiral said installation of Type C waterproofing would be betterment, with there being no policy provision for betterment. It said it is an implied term of the policy that it is only liable for like-for-like reinstatement, which in this case would be Type A waterproofing.

The complaint was referred to me for an Ombudsman's decision.

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 reviewed the available expert evidence I find my view on the complaint is the same as that expressed by our Investigator.

I note that, when the complaint was made, Admiral was maintaining there was no waterproofing in place. I must say that position seems to have been a bit untenable given its file shows there was clearly waterproof material on the walls and even an acknowledgement that there appeared to be a membrane in the floor, or at least within part of the floor. In any event, matters progressed to a point where Admiral does now accept there was Type A waterproofing in place (damp proof material applied to the walls and installed in the floor). The main core of the debate now is whether Admiral's liability is reasonably limited to reinstating Type A waterproofing, or whether it fairly extends to installing Type C waterproofing (which entails a system for taking water away).

I accept that waterproofing a property with a Type C system is generally seen as an 'upgrade' to Type A. With Type A generally being seen as less costly to install. So I can see why Admiral takes the view that Type C is not a like-for-like replacement for Type A – that it would mean that Mr G and Mrs M's property will benefit from "better" waterproofing than it had before. But I think that misses the point our Investigator has tried to get across to Admiral.

Admiral's concerns about betterment, and its view on the strict interpretation of what the policy allows for, don't change the fact that, under the policy, Mr G and Mrs M are reasonably entitled to be placed back into the position they were before the claim. In that respect, and in very simple terms, they had a property which was waterproof – so that is what they should have following the claim. It makes no sense to think they should be left in a worse position following the claim – but that seems to be what Admiral is suggesting should happen here.

So, if it was possible for the property to be reinstated to a waterproof state with Type A waterproofing, then I might agree with Admiral that was the extent of its liability. I might find, in that event, that if Mr G and Mrs M wanted Type C waterproofing instead – the additional cost would reasonably be theirs to bear – because Admiral could satisfy its obligations under the policy by installing Type A waterproofing only. But I'm not convinced that the expert evidence says that Admiral could do that.

Admiral's surveyor said:

- The ground height had been increased to above the threshold level of the doors.
- The increased ground height meant water penetration would persist.
- To resolve that Type C waterproofing would be required.
- Reinstating the property without that would lead to damp.

Admiral's surveyor did offer further comment later on in our complaint process. But those points set out above were never disputed or retracted.

J said:

- The local authority work to fix the pipe had breached the basement's waterproofing.
- The reinstated ground was now higher than before.
- The increased ground level had allowed further water ingress.
- The recommendation for dealing with this would be Type C waterproofing.

So it seems that, unless the ground height is reduced – which I note Admiral has also refused to be involved with, Type A waterproofing will not be effective. Essentially any reinstatement of the property, with only Type A waterproofing in place, will be fated to fail. Meaning the claim repairs will not be effective or lasting. In short Mr G and Mrs M will not have a waterproof property like that they had before the loss. To me that is not a fair or reasonable outcome.

I can understand that Admiral will think it's not fair for it to bear extra costs related to ensuring the property remains dry going forwards. But I'm satisfied that, as explained above, its liability in this respect does fairly extend from its policy obligations. I also think it would be open to Admiral, if it wanted to, to seek recovery from the water authority for the additional claim costs. It would be in a better position to do that than Mr G and Mrs M would be.

In respect of the report Mr G and Mrs M obtained, Admiral said it would reimburse that cost. It said that in December 2024, shortly after receiving a copy of that report. I trust payment was made at that time. The report has changed the course of the claim and influenced the complaint outcome. So it's only fair that Admiral reimburses its cost. In line with our usual approach, if Admiral has not reimbursed that sum already, I'll require it to do so now, plus interest applied from the date Mr G and Mrs M paid for the report until settlement is made.

I've considered the course of the claim. I can see Admiral accepts there was some delay and poor communication over an eleven month period. I note it's paid £525 compensation. Clearly, part of the delay and poor communication is wrapped up in what I've found to be its unfair decision regarding the waterproofing. And I note that when Mr G and Mr M asked us to consider their complaint – they said their focus was on resolving that waterproofing issue. It was certainly not ideal that the claim was still on-going at that point, and with matters unresolved I understand the home remained disrupted. I also note Admiral's position on the tanking was infuriating for them and they clearly had to arrange an expert, J, in order to challenge Admiral. So I'm satisfied that, over the course of several months, they suffered some considerable distress and inconvenience because of Admiral's failures. I'm satisfied though that the £525 compensation paid by Admiral is fair and reasonable to make up for the upset caused.

Putting things right

I require Admiral to:

- Progress the claim, taking into account, as per the recommendation in J's report, that Type C waterproofing is required. Admiral should advise Mr G and Mrs M of next steps regarding the claim within 14 days of the date on which we tell it they've accepted the decision, if they do.
- Reimburse the cost of J's report, if this has not already been paid. Plus interest* applied from the date Mr G and Mrs M paid for it until settlement is made. They'll need to show it proof of when payment was made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Admiral to take off tax from this interest. If asked, it must give Mr G and Mrs M a certificate showing how much tax it's taken.

My final decision

I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs M to

accept or reject my decision before 22 May 2025.

Fiona Robinson
Ombudsman