

The complaint

Mr D complains that Admiral Insurance (Gibraltar) Limited haven't met the full cost of the repairs needed after a leak.

What happened

Mr D held a buildings insurance policy with Admiral.

In January 2022 when he was having his new kitchen fitted, the fitter discovered a leak from the stop cock behind the washing machine, which had caused damage to the floorboards, and sunk the kitchen floor by four inches.

Mr D claimed and submitted a scope of work to Admiral for validation. He thought he had been approved to proceed with the work and did so.

Admiral then made a settlement offer of £3500 inclusive of VAT. Mr D was unhappy with this as it didn't cover the full cost of the floor repairs which were £7512. Admiral said that only 25% of the floor needed replacing which is why they didn't cover the whole amount of the builder's invoice. They did pay £50 compensation for poor complaints handling.

Mr D was unhappy about this and brought his complaint to us.

One of our investigators has looked into Mr D's complaint and she thought that Admiral's offer was fair.

Mr D disagreed with our investigator's view, and so the case has come to me to review.

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.

I've listened to all the call recordings, read the claim notes, correspondence and scope of work, and reviewed the photographs provided, including the additional photos and video that Mr D has provided to me.

I'm not upholding this complaint, and I'll explain why.

In the first call to report the loss on 26 January 2024 Mr D explained to Admiral what had been discovered and provided an estimate of costs that his builders had given him. The triage team advised him that this seemed reasonable, but they said it would need to be passed to the adjusters for validation and advised that no work should be started until it had been validated, and they couldn't guarantee that all costs would be met.

The policy booklet at p36 says:

General conditions of your home insurance cover

You must not:

- Try to negotiate the settlement of your claim unless we have given you our permission in writing.
- Agree to or run up any costs without our agreement before any work starts.

I can understand why Mr D wanted to press ahead and get the repairs done given that he had contractors on site already, he had a small child in the house, and he was in the middle of the kitchen renovation.

However, I'm satisfied that it was made clear to him in the call that Admiral would only pay for the repairs required to fix the damage, and that if he pressed ahead without approval, it may be that the settlement doesn't meet his full costs.

So, I don't think that Mr D was misadvised here, and I'm satisfied that he was made aware of the risks of proceeding.

Mr D then sent Admiral some pictures of the damage and a quote from the builders who were on site.

That original quote was for £7512 including VAT to remove and replace all wall linings, floor coverings and joists damaged by the leak, to supply and fit new floor joists, chipboard and plywood, replaster and paint. It also included the fitting of a new stopcock, which wouldn't be payable under the policy. So, the maximum payable would have been £7080.

Admiral completed a desk top assessment of the claim as Mr D advised that the work had already started, and by the time Admiral could get a surveyor out it would be completed. They subsequently offered £3,500 inclusive of VAT because they said that the evidence provided to them suggested that only 25% of the floor needed replacing, and this figure represented the cost to them if they were to use their own network of repairers.

Mr D was unhappy with the settlement, and unhappy that Admiral haven't provided him with a breakdown of the actual costs of labour and materials, just an overall figure, and says that he wouldn't have been able to get it done any cheaper than he has.

In any claim, the onus is on the policyholder to prove that a loss has occurred, and so it is for Mr D to demonstrate that it was necessary to replace the whole of the floor and joists in the kitchen in order to validate a claim for the whole cost.

Admiral have explained to us that having viewed the photographs that Mr D sent in, they were satisfied that only 25% of the joists needed replacing and they had therefore scoped the work on that basis.

I've seen the photographs they used, and also some additional ones that Mr D has provided, and I'm satisfied that Admiral's assessment was fair. Whilst there is clearly damage to the far end of the floor by the patio windows, where the washing machine previously stood, the exposed joists in the middle of the floor look sound, and I haven't seen sufficient evidence to suggest that the rot extended all the way down the room, affecting all floorboards and joists. Joists can be partially replaced, and I'm not satisfied it was necessary to replace the whole floor.

So, I've then thought about whether Admiral's offer is fair in the light of that evidence. Admiral's settlement offer represents just under 50% of the cost of the work that Mr D has had completed and given that the evidence seems to indicate around 25% of the floor is affected, I'm satisfied that this is fair in the circumstances.

Admiral's offer is also based on their own contractor costs, which Mr D is unhappy about and has asked them to share.

Insurer's often get discounts using their own contractors because of the volume of work that they do. The information on contractor rates is considered to be business sensitive, and so unfortunately I can't ask Admiral to share this with Mr D, but given that the settlement is half the cost of Mr D's quote, and is for 25% of the work, I don't think the rates are unreasonable.

At page nine of the policy, it makes it clear to Mr D that if there is a cash settlement of claim they only have to pay what it would have cost them to use their own contractor. And so, I'm satisfied that Admiral have acted in line with the terms of the policy here.

My final decision

My decision is that I'm not upholding Mr D's complaint, and Admiral Insurance Limited don't need to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 June 2025.

Joanne Ward
Ombudsman