

The complaint

Mr and Mrs K complained about delays and poor claim handling by Admiral Insurance (Gibraltar) Limited ("Admiral") when a blocked drain caused damage to their property, under their home buildings insurance policy.

I'll refer to Mrs K in my decision for ease.

What happened

On 17 August 2024 Mrs K said sewage was pouring from her downstairs toilet. She contacted her water company and Admiral to report the problem. The water company cleared a blocked drain, but the problem occurred again. Mrs K arranged for a private contractor to clear a second blockage. Once the drain was clear she said it took four months for Admiral to deal with her claim.

Mrs K said she had to live with the smell for a long period of time. This meant having windows open when it was cold outside or contend with a worse smell and have them closed. Mrs K said the sewage spread into her kitchen floor because of Admiral's delay. She wasn't happy with how she'd been treated and complained to the business.

In its final complaint response Admiral said it had some initial difficulty contacting Mrs K by phone. It then needed time to review the damage photos, and quotation for the repairs before calculating its initial cash settlement. When Mrs K declined its offer Admiral said delays occurred with the agent it appointed managing the claim. It acknowledged that progress was slow

Admiral said its original cash offer was quite low and didn't include all the repairs. Its agent then delayed validating the claim resulting in the further damage to Mrs K's kitchen floor. Admiral acknowledged poor management of the claim and issues with its agent's communication. Because of this it offered its apologies and £550 compensation.

Mrs K didn't accept this offer and referred the matter to our service. Admiral then contacted us to increase its total offer of compensation to £1,000. It said this was because it hadn't fully considered the trouble and upset it had caused. We put this offer to Mrs K, but she didn't accept it and asked that we investigate her complaint.

One of our investigator's looked into Mrs K's complaint and upheld it. He said initial delays occurred when Admiral's agents were unavailable to take calls. A further delay occurred when evidence of the hall damage wasn't requested earlier in the claim. He also identified delays involving the kitchen damage being included in the settlement. Our investigator said there had been around two months of delays. In addition, he didn't think consideration had been given to alternative accommodation given the unsanitary state of the property. Because of this he said a total compensation payment of £1,500 should be provided.

Admiral didn't think this level of compensation was justified. It said Mrs K confirmed early on in her claim that she didn't need alternative accommodation and wanted to use her own contractor. Admiral maintained a payment of £1,000 was fair because of the issues

described with its claims handling agent. Our investigator didn't change his view, so Admiral asked for an ombudsman to consider the matter.

It 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.

We expect Admiral to handle all claims effectively. Some disruption is inevitable in these circumstances. But the business must avoid causing unnecessary disruption and inconvenience. I've focused on this here.

Mrs K noticed and reported the issue with sewage flowing back into her home on 17 August 2024. She arranged for her water company to resolve the issue, which was due to a blocked drain. She then arranged for a contractor to clear a second blockage when the problem repeated. From what I've read Mrs K acted promptly to fix the blocked drain and limit the damage.

The claim records show Admiral called Mrs K on 18 August 2024. A voicemail was left as there was no answer. Another voicemail was left the following day. On the morning on 21 August, Admiral made a further call and left another message for Mrs K. She returned the call later that afternoon. But the call could not be transferred to the appropriate team as no-one was available. Mrs K called the next day but, again, no-one was available. Admiral called her back on 24 August and left a voicemail.

There is a claim record dated 25 August 2024 that denotes what Admiral's agent recorded about Mrs K's loss. In its submissions to our service Admiral said this was the first time it spoke to Mrs K about her claim. Part of the note states "*Is AA required?*" followed by "*No*". I asked Admiral to provide a copy of this call recording so I could hear what was discussed between its agent and Mrs K, to see if this matches the notes its agent recorded.

Admiral provided the call recording, which lasts around 20 minutes. Its agent discussed the loss damage and the claim process with Mrs K. Around 15 minutes into the call the agent asked if the property is unsafe or unstable. Mrs K replied "*no*". There was no specific reference to alternative accommodation during the call.

When responding to our investigator's findings, Admiral said that during the call on 25 August 2024, Mrs K will have been made aware of her cover and benefits. It said Mrs K confirmed AA wasn't required. Admiral said it would not offer this again unless she raised the issue or requested it. Having listened to the call recording it's clear that Admiral's agent didn't make Mrs K aware that AA was an option. And Mrs K didn't confirm that AA wasn't required. She responded "*no*" to the question about her property being unsafe or unstable. But I don't think this rules out the possibility of AA being required given the unsanitary condition of the property and the smell from the sewage. Mrs K did make it clear in the call that there was a very bad smell because of where sewage had seeped into the floors in the toilet and hallway. I can see that Admiral's agents also refer to an unhygienic environment within the claim records.

Mrs K may or may not have chosen to use the AA cover provided for under her policy. But this is something Admiral's agent should have discussed with her. This could potentially have allowed Mrs K and her family to have avoided the unpleasant living conditions and inconvenience caused by the claim damage. The claim went on for several months and so did have a significant impact.

From the claim records there were difficulties in Admiral getting through to Mrs K and vice versa at the outset of the claim. But by 25 August 2024 the claim process had begun, and Mrs K provided photos and other documents for Admiral to validate before agreeing a settlement payment.

Admiral has confirmed it received the first quotation from Mrs K on 3 September 2024. I've seen a copy of this information which is dated 30 August. The business disputed some of the costs involved. Mrs K then supplied a revised quote dated 8 September. The claim records show a call to Mrs K on 10 September where Admiral offered her £2,442 in settlement of her claim. This was after the deduction of her £750 excess. I can see that Admiral emailed Mrs K confirming its offer. It said if she didn't accept, it would send out a supplier to visit her property. A new offer would then be confirmed, but if this was lower Mrs K could not revert to its original offer.

On 26 September 2024 the claim records show Mrs K called Admiral to clarify the settlement options. This was explained. Mrs K was advised to think it over and call back. The next note is on 30 September and refers to Mrs K providing evidence to show the damage in the hallway. I agree with our investigator that this could have been requested earlier. The damage to the hallway was known about from the outset. This caused a delay. Admiral refers to Mrs K providing additional substantiation for her claim, but this was insufficient to increase its offer. The matter was then referred to its agent to inspect the damage and progress the claim on 11 October.

Following the appointment of Admiral's agent an increased settlement was agreed for £4,472 less the policy excess. This mirrors the revised quote that was provided by Mrs K's contractor from early September 2024. This amount was offered to Mrs K on 19 November, which she agreed. It was then paid to her on 2 December.

The records show further contact from Mrs K in early December 2024. This related to damage noticed to the kitchen flooring. The note states the claim needs to be resolved quickly to prevent any further damp progression. I can see a report from Admiral's agent dated 20 December. This recommended that Admiral pay Mrs K a further £2,509 to cover the repairs to the kitchen inclusive of a drain inspection. This was agreed and payment was made on 24 December.

In summary, Mrs K reported her loss on 17 August 2024. The final payment to allow her to complete the repairs was provided on 24 December. This represents a period of just over 18 weeks. I think this claim could reasonably have been validated and settled far quicker than this.

I accept that Admiral required some time to validate Mrs K's loss. But the information she provided in early September 2024 was eventually used as the basis for its final settlement. The business acknowledges its first offer was too low, which is shown by the settlement its agent recommended.

In its complaint submissions Admiral acknowledges that its agent was slow to progress the claim from when it took over on 11 October 2024. I think this is a fair comment. It took around five weeks before it contacted Admiral with its recommendation. And another two weeks before the settlement was paid. Further damage was then reported to the kitchen. From what I've read this was caused by the delay in Mrs K being able to arrange the repair work.

Admiral acknowledges its initial settlement was too low at around 35% less than it eventually paid. So, Mrs K was proved right not to accept the initial offer. I note Admiral says she didn't ask for an interim payment. But Mrs K isn't the expert here. I'd expect Admiral to ensure she

is fully informed of the process and the opportunity for an interim payment to be provided. This could have allowed her to instruct the repairs to begin earlier. But from the claim records this wasn't discussed.

I've thought about the impact this all had on Mr and Mrs K. Due to the contaminated flooring the affected toilet wasn't in use. There was a foul smell from where the sewage had entered the property and been in contact with the hall and kitchen flooring. I can understand that this was very unpleasant to live with whilst the claim was handled. Mrs K said it also caused her embarrassment and prevented her from having people over to her home. I note there was access to other toilet facilities in the property. But no doubt this did cause inconvenience.

Having considered all this, it's clear that it took too long for Admiral to validate Mrs K's claim and provide a fair settlement payment. Because of the inconvenience and distress this caused it should compensate Mr and Mrs K. I agree with our investigator that Admiral should have discussed the provision of AA. Cover was in place for this eventuality and using it could have negated the unpleasant and inconvenient living conditions that extended over several months. To acknowledge the impact Admiral's poor claim handling had on Mr and Mrs K, I agree with our investigator that £1,500 represents fair compensation in these circumstances.

My final decision

My final decision is that I uphold this complaint. Admiral Insurance (Gibraltar) Limited should:

- pay Mr and Mrs K £1,500 compensation, in total, for the inconvenience and distress it caused.

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

Mike Waldron
Ombudsman