

The complaint

Mr A and Ms H have complained about their let property insurer Admiral Insurance (Gibraltar) Limited regarding a claim they made to it for subsidence.

During the claim and complaint, Mr A has been the main correspondent. For ease of reading, in the body of my decision, I'll mainly only refer to Mr A.

What happened

In October 2023 Mr A's tenants told him of water pooling in the front of the property. He had the leak fixed and found a significant amount of cracking at the property. Around the same time the tenants, reporting to the council the poor condition of the property, said: "All the doors in the house can't be shut. There is a massive crack on the wall. It seems the house is sinking and getting more and more dangerous." The tenants then left before the council could make a report.

It was 9 November 2023 when Admiral's appointed loss adjuster visited the property. The tenants had left by then. The loss adjuster concluded that the property was habitable. Mr A was told Admiral would not cover any lost rent. Communication from the loss adjuster though was poor and Mr A complained. Admiral issued a final response letter in March 2024, accepting there had been poor communication to that point and Mr A did not then complain about this response within six months from the date of that letter.

The claim was continuing in March and through to December 2024. In July 2024 Admiral issued a further FRL, dealing with concerns Mr A had raised since the March FRL. Including that there had been delays and further poor communication and that he had lost rent. Admiral accepted poor communication issues had continued to blight the claim. It accepted there had been delays. It paid £625 compensation. But, regarding rental income, it said the property had been habitable, so it wouldn't pay Mr A anything for rent lost.

At the time of the July FRL, Admiral had still not resolved the claim. In August 2024 a cash settlement proposal was put to Mr A. He didn't think it was sufficient and he complained that Admiral had not taken all his reports into account – essentially Admiral was paying for cosmetic repairs whereas Mr A thought stabilisation work was required. In December 2024 Admiral issued a further FRL regarding the cash settlement and continued concerns Mr A had regarding loss of rent. It said it would review the cash settlement and pay £175 compensation for having not considered all relevant evidence previously. But it still wasn't minded to pay anything for Mr A's reported loss of rent.

Mr A was still unhappy. He asked the Financial Ombudsman Service to consider his complaints to Admiral as addressed by its July and December 2024 FRLs. He said he'd also, without tenants being in place, had to pay council tax himself. He said he'd experienced substantial financial worry.

Our Investigator was satisfied that Admiral's agreement to review the settlement was fair – so she couldn't get into the reasonableness of the settlement itself. When Mr A explained

that Admiral had not come back to him with the results of any review, she explained he would have to make a further complaint about that.

Turning to compensation, she felt the £800 Admiral had paid overall was fair, particularly noting about three months of delay in the period she was considering. So she wasn't minded to say it should pay anything more.

In respect of loss of rent and council tax though, she felt Admiral should be paying something. She said, for council tax, it should cover Mr A's cost for three months, given the period of delay she had noted. Regarding loss of rent, she felt it was likely fair to say there had been an issue of safety/security of the property, which could reasonably amount to it being uninhabitable. So she was prepared to say Admiral should cover Mr A's claim for lost rent under the policy (noting the policy covered rent lost only and not council tax incurred).

Admiral said it disagreed the property was uninhabitable. It said the cracks were only minor, and nothing unusual for a subsidence claim.

Mr A said he was pleased to note the lost rent and council tax awards. Although he said he'd like the full council tax to be reimbursed. He said he wanted Admiral to be directed to cover all his costs for repair. Including those for stabilisation works. Regarding compensation, he asked for Admiral to be made to provide an increased sum.

Our Investigator responded to both parties. She confirmed she'd considered their responses but maintained her outcome was fair. As the parties remained unhappy, the complaint was referred 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 done so I agree with our Investigator that Admiral could have handled things better and, because it did not, Mr A was negatively impacted. My view on appropriate redress is also the same as that set out by our Investigator. I've explained my thoughts on the complaint in my findings set out below.

Settlement

I know Mr A is unhappy with Admiral's offer of settlement put forwards in August 2024. I also know, from details Admiral has submitted, that the core of the settlement dispute comes from the issue of whether stabilisation work is or isn't required. Mr A thinks it is and he presented evidence to Admiral which he thinks shows that. Admiral, in its December 2024 FRL, agreed to review that. I'm satisfied that is reasonable.

I'm aware that, in around September 2025, Mr A told our Investigator he had not heard further from Admiral regarding its review. I appreciate that is frustrating from Mr A and I can understand why he'd want this Service to make a decision on the quantum of the settlement at this time. However, that is not something I can do here, with this complaint from Mr A, to Admiral, having resulted in it issuing an FRL which said it would review the settlement.

Loss of rent

Mr A's policy offers cover when rent is lost because, due to insured damage, the house cannot be lived in. I acknowledge that Admiral's loss adjuster said the house was habitable – with particular focus on the fact the cracks were, in the main, not very significant.

However, I also bear in mind that the tenants living in the property were not just concerned about cracks – doors and windows sticking were a factor too, with not all doors being able to be shut and they felt like the property was dangerous. I'm further mindful that whilst photos of the cracks show that many were quite narrow there was at least one of significant width on the party wall as well as cracks at what might be viewed as key points of concern, above door lintels and across ceilings. Almost every part of the property was affected by cracking. On balance I'm satisfied, even without the council having made a finding on the condition of the property, that it's fair to say it was uninhabitable.

I'm satisfied that the property being viewed as uninhabitable, in the circumstances here, is a fair and reasonable position to take. Therefore, I'll require Admiral to pay Mr A's claim for rent lost under the policy.

Council tax

The policy does not offer cover in the event of Mr A having to pay council tax. But this Service would often expect an insurer to reimburse financial costs incurred by a policyholder on account of its delay.

Our Investigator found Admiral had caused about three months of delay in the period subject of this complaint. I agree with that and I've explained my views below. So whilst the claim hasn't yet resolved, it would have been three months closer to resolving, and Mr A's liability for council tax would be three months less, if Admiral had avoided causing that delay.

I'm mindful that the March FRL did not consider delay of the claim to that point, with it only being in the July 2024 FRL that Admiral considered the issue of delay. Admiral accepted, in its July 2024 FRL, that its loss adjuster had caused delay but did not quantify the period. So the progress of the claim since it was made in October 2023 and until the July 2024 FRL was issued is a factor to be considered in this complaint.

The loss adjuster visited the property in November 2023 but didn't appoint a contractor to schedule the works needed for reinstatement until April 2024. By the point of the July FRL the claim had not resolved. I've seen no good reason for the claim being so delayed. Although I'm mindful that, even after the March 2024 FRL poor communication continued and I think the claim was generally drawn out as a result. I think better handling of the claim would have compressed it by around three months, particularly if scoping the necessary reinstatement works had been progressed earlier.

So I'm satisfied that, whenever the claim does resolve, Mr A will have incurred around three months of costs for council tax which he wouldn't have but for Admiral's delays in 2024. I'm satisfied that a fair way to resolve this is to require Admiral to compensate Mr A by paying him an amount equivalent to three months' worth of council tax applicable to the property in the tax year 2024 to 2025. That is not to say the claim was only delayed post March 2024 (until July). Some delays likely occurred January to March 2024, with council tax for this earlier period being less than that due after March 2024. But equally, the claim and Mr A's liability for tax have continued post March 2025, with the costs for the 2025 tax year likely having increased. I think requiring a sum equivalent to three months of council tax which Mr A is liable for in the 2024 tax year is a fair and reasonable way to balance things. And because it's a compensatory sum rather than a strict reimbursement for costs incurred in an exact period, I won't require Admiral to pay interest on the sum due.

Compensation

This complaint is regarding the complaints Mr A made to Admiral as answered by it in its FRLs of July and December 2024. So delays in the claim from October 2023 to July 2024 – where I've found there was a total of about three months of avoidable delay. Also poor communication between March and July 2024 – which I agree there was. I've found it was

fair that Admiral said it would review its settlement sum. I've also found that Admiral's decision that loss of rent shouldn't be covered was unfair and unreasonable.

I've reviewed what Mr A has told us about how the delays and continued outstanding claim has caused upset and inconvenience. I know he believes his health has been affected. I don't doubt this matter was stressful for Mr A and Ms H. But, as our Investigator explained – if they feel their long-term health has been affected, this Service wouldn't be best placed to answer that. As Mr A has continued with his referral for an Ombudsman's review I take it that it was not his intent for any long-term impacts to be considered here.

Having reviewed everything, I'm satisfied £800 is fair and reasonable compensation for the failures I've considered and the periods I've found were affected by upset here. I haven't looked at how the claim progressed after the July 2024 FRL. And I haven't, as explained, considered if the quantum of Admiral's reinstatement settlement first put forwards in August 2024 was fair and reasonable, because Admiral said it would review that sum. Until a position of stalemate regarding the settlement is reached and this Service decides whether or not the offer itself was fair (should that complaint come to us), what upset Mr A was caused as a result of any failure by Admiral to make a fair settlement simply can't be determined. Following its July and December 2024 FRL, Admiral paid Mr A the total sum of £800 it had offered in compensation. I'm satisfied that requiring it to pay more would be unfair and unreasonable.

Putting things right

I require Admiral to

- Pay Mr A's loss of rent claim under the policy.
- Pay compensation for financial loss to Mr A, equivalent to three months' worth of council tax payable for the property in the tax year 2024 to 2025.

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 A and Ms H to accept or reject my decision before 14 November 2025.

Fiona Robinson
Ombudsman