

The complaint

Mr G complains about the settlement Admiral Insurance (Gibraltar) Limited (Admiral) has paid him following a claim he made under his building insurance policy. He also complains about the way his claim was handled.

What happened

The circumstances of this complaint will be well known to both parties and so I've summarised events.

In December 2022 Mr G became aware copper pipes had been stolen from his property resulting in an oil leak. He reported a claim to Admiral under his building insurance policy. Admiral accepted Mr G's claim and carried out structural and foundation repairs. It then paid Mr B a cash settlement for the internal reinstatement works. Mr G wasn't happy with the settlement offered and so raised a complaint. He was also unhappy with the way his claim and alternative accommodation arrangements had been handled.

On 6 January 2025 Admiral issued Mr G with a final response to his complaint. In summary it said:

- There were five payments for alternative accommodation which had been paid late and so it would pay interest on these late payments.
- It had paid alternative accommodation from February 2023 which was correct.
- It had identified delays in responding to Mr G's emails.
- It was correct not to include costs for the heating system and oil tank within the settlement as they had age-related issues.
- It failed to backfill a hole in the utility room and left soil samples on site and so it would arrange its contractor to rectify this.
- It agreed the time taken to dry concrete would extend the time taken to carry out repairs and the settlement was increased to include and allow for this.
- It would pay Mr G £650 compensation and £74.71 interest due to the way it handled his claim and the late alternative accommodation payments.

Mr G didn't think this was reasonable and so referred his complaint to this Service. Our investigator looked into things. He said:

- Admiral should pay an additional two months alternative accommodation payments on receipt of evidence of when Mr G's rental agreement ended.
- He was persuaded the heating system was working prior to the claim and so Admiral should include the costs for the heating system within its settlement.

- He didn't think Admiral's settlement was reasonable and so it should reconsider the settlement based on the costs Mr G had provided for the repairs.
- Admiral should pay alternative accommodation from the date it paid the original settlement until a reasonable estimated time for Mr G's contractors to complete the repairs.
- Admiral should pay an additional £750 compensation for distress and inconvenience.

Mr G accepted our investigator's view, but Admiral disagreed with it. It said it had paid alternative accommodation for the dates it was reasonably required. It said an engineer had concluded the issues with the heating system were age related and so it wasn't covered as part of the claim. It also said the settlement it had paid was reasonable for the repairs which were required.

I issued a provisional decision about this complaint and I said:

'I want to acknowledge I've summarised Mr G's complaint in less detail than he's presented it. I've not commented on every point he has raised. Instead, I've focussed on what I consider to be the key points I need to think about. I mean no discourtesy by this, but it simply reflects the informal nature of this Service. I assure Mr G and Admiral I've read and considered everything that's been provided.'

I also want to be clear about what I've considered as part of this decision. I understand since Admiral have issued its final response of 6 January 2025, Mr G has raised further issues regarding the repairs to his property which he believes have been caused by Admiral. This includes water damage to the property and issues with the heating system caused by the heating being left off for long periods. Admiral have said these issues are being considered under a separate complaint and so I won't be commenting on them as part of this decision.

Settlement

Mr G wanted to use his own contractor to carry out the reinstatement to his property and so Admiral paid him a cash settlement. As it was Mr G's decision to use his own contractor rather than Admiral's, I think it's fair for Admiral to pay Mr G a settlement for repairs equal to what it would have cost it to carry out the repairs using its own contractor.

Admiral have provided a priced schedule of works from its own contractor for the repairs it believes are related to the claim. The total cost of repairs shown are around £61,500 excluding VAT. Admiral have uplifted this to £65,000 excluding VAT, bringing the total settlement it has paid to Mr G to £78,000 including VAT. I'm satisfied this is a reasonable settlement for the repairs Admiral have included in it. However, Mr G believes Admiral have excluded repairs which should be included as part of the settlement and so I've considered whether these repairs should be included.

Heating system

Mr G has said repairs to the whole heating system should be included as this was damaged due to the theft of the copper pipes. Admiral have said it has included costs for the elements of the heating system which were damaged or stolen during the theft, but it hasn't included costs for the full heating system as it doesn't consider it claim related. I can see the settlement Admiral have paid does include costs to some

elements of the heating system such as the water cylinder which was stolen and a new oil line.

I can see an engineer visited Mr G's property to inspect the boiler and has written a report dated 24 May 2024. In the report the engineer has said there is no evidence the boiler has been damaged as part of the break-in. They've also said the boiler can be considered at the end of its life and is of poor design and installation. They've also highlighted issues with the heating system such as leaks and poor pipework.

An engineer has also commented on the condition of the oil tank in Mr G's property. Whilst the oil tank wasn't damaged in the initial incident, the engineer has said they wouldn't recommend it be used again due to the time it has been out of use, the unknown age of it and its design. They have said the biggest risk factor is the age of the oil tank.

Whilst I'm aware Mr G has concerns about the engineer report, I think it was reasonable for Admiral to rely on the opinion of the engineer given their expertise in the field. And based on the engineer's opinion I think it was reasonable for Admiral not to include the cost of the whole heating system or oil tank in the settlement it has paid. The engineer has said the boiler wasn't damaged during the break in, and it appears the age and design of the heating system and oil tank means it requires replacement regardless of the break-in. I don't think it would be reasonable to require Admiral to pay for a whole new heating system given the age-related issues of the existing one and I've not seen persuasive evidence in the form of an engineer report to say the whole heating system was damaged during the claim.

As mentioned, I'm aware Mr G has raised a separate complaint with Admiral about damage to the heating system he believes has been caused by Admiral's actions. This is a separate complaint and so not something I've considered as part of this decision.

Electrical installation

The scope of works Mr G has provided from his own contractor includes costs for electrical installation. The schedule of works provided by Admiral's contractor doesn't include costs for electrical installation, but Admiral have acknowledged some electrical work will be required in the kitchen. It has said it hasn't specifically costed for the electrical works, but it is the reason it has increased the settlement by around £3,500 before VAT to cover additional works that may be required such as these.

The scope of works Mr G has provided has the electrical installation costs as £3,000 before VAT, but there's no break down of what electrical works are being carried out. So, I can't say this only covers the electrical work required as a result of the break-in. However this figure is still below the additional amount Admiral included in its settlement offer. So, I think Admiral's settlement offer fairly takes into consideration the electrical work required due to the claim.

Ease and adjust doors and curtains

Admiral didn't include a cost of these items as part of its settlement as it has said these items aren't as a result of the damage claim. However, in its response to our investigator's view it has said the second contractor said the works to the doors were required and so it was included in the settlement. In addition, it said the curtains were taken down to allow for remedial works and so were also included in the settlement.

Admiral has been inconsistent about whether these items are required as part of the claim repairs and so I don't think it has provided clear evidence these repairs shouldn't be included as part of the settlement it has offered. Given the ambiguity, and suggestion from Admiral these repairs were necessary, I think it should pay an additional settlement to include these items based on what it would have paid its contractor to carry out these repairs.

Anti-fungicidal wash to all surfaces

Admiral haven't included a cost for this within its settlement to Mr G. It has said the claim isn't a wet-related peril and so any mould or fungus present wouldn't be related to the claimed for event. I've not seen persuasive evidence this is a repair which is necessary due to the claimed for event. Therefore, I think it was reasonable for Admiral not to include a cost for this within the settlement paid to Mr G.

Alternative Accommodation

At the time of Mr G's claim he hadn't yet moved into the property having only recently purchased it. He was living in rented accommodation for which he had to give two months' notice in order to end. He has said his intention was to tell his landlord in December 2022 that he was looking to end the rental agreement and move into the insured property. Therefore, I think Mr G had access to alternative accommodation, which he was always liable to pay for regardless of the claim, up until February 2023. Admiral have paid Mr G for alternative accommodation beginning in February 2023, and so I think this is reasonable.

Admiral paid Mr G the settlement for repairs in October 2024 and has paid Mr G for alternative accommodation which it says covers the period up until 22 February 2025. So, I've considered whether this is reasonable.

I can see Admiral originally believed repairs would take three months, however Mr G said repairs would take longer. I can see from Admiral's claim notes that its contractor agreed given the winter months, drying would take longer and so a period of five to six months for repairs would be reasonable.

Admiral didn't pay Mr G the settlement for repairs until the middle of October 2024 which means Mr G didn't have the funds to begin repairs with his own contractor until this point. And given Admiral's contractor agreed repairs would take up to six months, I think Admiral should have paid Mr G six months of alternative accommodation from the point it paid Mr G the settlement for repairs. Admiral have paid Mr G for alternative accommodation up until February 2024 which is only four months. Therefore, I think it's reasonable it pays Mr G a further two months alternative accommodation to take into consideration the length of time repairs to his property were estimated to take. It should also pay interest on this additional settlement due.

Claim handling

Admiral have acknowledged it has made errors in the way it has handled Mr G's claim. Therefore, it has paid Mr G a total of £650 compensation and £74.71 worth of interest toward late payments for alternative accommodation. So, I've considered whether this is reasonable to acknowledge the impact to Mr G.

I don't intend to comment on every error Admiral have made during the claim, particularly as it has taken responsibility for these errors such as delays in paying alternative accommodation, delays in responding to Mr G's correspondence and

leaving soil samples at Mr G's property which should have been disposed of. Instead, I've considered Mr G's claim journey as a whole in order to decide whether the compensation Admiral have paid is reasonable.

Given the nature of Mr G's claim and the extensive repairs required, I think Mr G would have always experienced some distress and inconvenience, even if everything had gone smoothly. However, I think the errors Admiral have made, including those mentioned above, have caused Mr G additional distress and unnecessary inconvenience. I think £650 compensation is reasonable in circumstances when a business's errors have caused considerable distress and have taken a lot of extra effort to resolve, which I think is the case here. Taking everything into consideration, I think the compensation Admiral have paid is reasonable to acknowledge the impact its errors have had on Mr G and so I don't require it to pay any additional compensation.'

Both parties provided a response to my provisional decision.

Admiral said the additional £3,500 excluding VAT it had added to the settlement included costs for electrical installation in the kitchen, as well as easing doors and replacement curtains. But in the interests of reaching a resolution it would agree to pay an additional settlement for easing the doors and replacement curtains. It also said it thought the settlement it had paid for alternative accommodation was appropriate, but would agree to pay an additional two months alternative accommodation as set out in the provisional decision.

Mr G provided a detailed response but in summary he said:

- He wanted the decision to be clear about what has been considered as part of this decision given his ongoing complaint with Admiral.
- He thought Admiral had taken its contractors opinion on what repairs would cost and reduced this unfairly. So, he didn't agree the settlement Admiral had offered for repairs was reasonable.
- He didn't think the report on the boiler by the engineer was reliable.
- An engineer had said the oil tank couldn't be re-used due to the time it was out of commission as a result of the claim.
- An anti-fungicidal wash was appropriate based on the condition of his property prior to reinstatement repairs being carried out. He provided photographs he says show this was the case.
- He didn't think the £650 compensation Admiral had paid was reasonable to acknowledge the distress and inconvenience he had been caused.

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 understand Mr G wants this decision to be clear about what has been considered given he has an ongoing complaint with Admiral regarding damage to his property. This decision focuses on the complaint Mr G raised with Admiral and which it responded to in its final response of 6 January 2025. This includes the original settlement it offered Mr G, including

costs for alternative accommodation it offered at this time, and the way it handled Mr G's claim up until January 2025.

Mr G has raised a further complaint with Admiral regarding damage to his property which he believes has been caused whilst the property was in the care of Admiral. This hasn't been considered as part of this decision.

Mr G has said Admiral has taken its contractor's opinion of what the repairs would cost to carry out and have attempted to reduce this. For example, he notes Admiral's contractor believed the repairs to the kitchen would cost £20,000, but Admiral sought to decrease this settlement.

I'm aware Mr G is unhappy with the discussions Admiral were having internally around the settlement it was looking to offer him. However, ultimately I've considered whether the settlement it has offered Mr G for the repairs to his property are reasonable. As explained, Admiral has provided quotes from its own contractor, outlining what it would have cost for them to carry out the repairs. I'm satisfied this is the amount Admiral would have paid its contractors to carry out the repairs included in these quotes. And for Mr G's benefit, I can see the amount it has quoted for the kitchen repairs is £20,000 and this is the amount Admiral have included for these repairs in its settlement to Mr G.

Mr G doesn't believe the engineer report carried out on the boiler is reliable. He has said he believes Admiral requested this report with a pre-determined outcome. Whilst I acknowledge Mr G's concerns, for me to conclude the engineer report is unreliable, I would need to be persuaded the engineer's report isn't an accurate representation of their opinion on the boiler. And I don't think there is persuasive evidence of this being the case. I've not seen another engineer report from a similarly qualified professional contradicting the opinions reached by the engineer. So, I think it's reasonable for Admiral to rely on this report.

Mr G has said an engineer didn't recommend the oil tank be used again given the amount of time it was out of commission following the break-in. Whilst I acknowledge this was one of the reasons the engineer didn't recommend the oil tank be re-used, they have also referred to the design and age of the oil tank. And they also said the biggest risk factor is the age of the tank, which is unrelated to the break-in.

As explained in the provisional decision, the engineer has said the boiler wasn't damaged during the break in, and it appears the age and design of the heating system and oil tank means it requires replacement regardless of the break-in. So, based on the evidence provided, I think it was reasonable Admiral didn't include costs for a whole new heating system and oil tank in the settlement it paid to Mr G given the age-related issues of the existing one.

Mr G has provided photographs of his property which he says show an anti-fungicidal wash of the surfaces was necessary. I've shared these photographs with Admiral and it has agreed to pay an additional settlement for this. This additional settlement should be based on what Admiral would have paid its own contractor to carry out the anti-fungicidal wash to Mr G's property.

Mr G doesn't believe the £650 compensation Admiral have paid is reasonable to acknowledge the distress and inconvenience he has been caused by the way it handled his claim.

As explained in the provisional decision, given the nature of Mr G's claim, I think he would have always experienced some distress and inconvenience, even had everything gone smoothly. The repairs to his property were extensive, and he was always going to be out of

his home for an extended period of time, and this was outside of Admiral's control. However, I think the way Admiral handled Mr G's claim has caused him unnecessary distress and additional inconvenience which could have otherwise been avoided. Taking all of the circumstances into consideration, I think the £650 compensation Admiral have paid is reasonable to acknowledge the considerable distress and unnecessary inconvenience caused to Mr G. So, I don't require Admiral to pay additional compensation.

My final decision

For the reasons I've outlined above I uphold Mr G's complaint about Admiral Insurance (Gibraltar) Limited. I require it to:

- Pay Mr G an additional settlement for easing and adjusting the doors, replacing the curtains and carrying out an anti-fungicidal wash to all surfaces. This should be based on what it would have paid its contractor to carry out these works.
- *Pay 8% per year simple interest on this amount calculated from the date it paid Mr G the original settlement to the date it pays this additional amount due.
- Pay Mr G a further two months alternative accommodation payments, based on the rate it has paid Mr G for alternative accommodation.
- *Pay 8% per year simple interest on this amount calculated from the date it paid Mr G the original settlement to the date it pays this additional amount due.

*If Admiral Insurance (Gibraltar) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 October 2025.

Andrew Clarke
Ombudsman