

The complaint

Mrs W is unhappy with the cash settlement offered by Admiral Insurance (Gibraltar) Limited (“Admiral”) under her escape of water claim. She was also disappointed with the service received / attitude of staff and the time taken to handle the claim. Admiral was providing a home insurance policy.

What happened

Mrs W made a claim to Admiral when the pipe to her dishwasher split, causing damage to her kitchen, utility and hallway.

Admiral appointed a loss adjuster to review and validate the claim. The claim was accepted and Admiral developed a schedule of works for the repairs. Mrs W wanted to commission her own contractors to do the work so asked for a cash settlement. However, Mrs W was unhappy with the settlement offered, she said it wasn’t enough to allow her to get the work completed. She was also disappointed by the service received and the time it took for her claim to progress.

Admiral acknowledged service errors, delays and said it could’ve done more to keep Mrs W informed about the progress of the claim. It paid Mrs W £550 for the distress and inconvenience caused. However, it thought its cash settlement was fair and was in line with the terms and conditions of the policy.

Mrs W wants her settlement increased so it covers the cost of her local contractors doing the works.

Our investigator decided to partially uphold the complaint. She thought Admiral had evidenced the cash settlement was a fair one, but she thought the complaint justified £200 higher compensation for the “*delays, conflicting information, poor communication and the emotional impact*” the claim had on Mrs W. Mrs W disagreed, so the case has been referred to an ombudsman.

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 appreciate Mrs W wanted her own contractors to do the work and she wanted a settlement that allowed this. In other words, she expected the settlement to cover whatever the quotes were provided by her contractors.

Unfortunately, this isn’t how insurance policies work. Admiral shared the terms and conditions of the policy, which state:

“Section 1 (Buildings)

We will decide how to settle your claim.

We will either pay the cost of rebuilding, repairing or replacing any damaged part of the buildings covered under this policy, or pay you a cash settlement for the same amount it would have cost us to use our chosen supplier for a necessary repair or replacement. The cash settlement may be less than the cost of rebuilding, repairing or replacing the damaged part”.

Admiral don't have to offer a cash settlement at all. However, it did offer a cash settlement as Mrs W had requested one so she could get the work completed using her own contractors. So, I think Admiral were fair to do this.

However, Admiral's obligation isn't to offer a cash settlement that is based on Mrs W's contractors' quotes. Admiral is only required to provide a cash settlement that is based on what it would cost itself to get the work done through its own network of suppliers.

Admiral arranges a large volume of repair works following insurance claims and so has a strong buying power with its suppliers. It is able to negotiate large discounts with both the supply of materials and also the trades that complete the repairs and installations.

It's very rare a policyholder would have access to such competitive rates that Admiral have. So, I think Mrs W started from an unrealistic expectation that Admiral's cash settlement would be enough to get the work completed by her own contractors.

I wouldn't expect Admiral to need to provide a reconciliation and reasoning of its own quote compared to that of Mrs W's own contractor. What is important, however, is that Admiral provide a quote that is reasonable for itself to have done the work. It has provided a detailed schedule of work for the intended repairs. It is a detailed and comprehensive schedule that clearly sets out the work required. This has been shared with Mrs W, although the pricing of this is missing as it is seen as commercially sensitive.

I've reviewed the "priced" version of this schedule and from a layman perspective, the pricing seems reasonable. I can see Admiral has honoured the matching principles in Mrs W's own specific policy that she'd paid extra for. Mrs W said Admiral had only allowed for the cost of the tiles and not the labour costs for these. However, having checked the schedule I can see Admiral has allowed a rate which includes costs for *"take-up and disposal"* of the old tiles and *"supply and fit"* of the new tiles. Admiral has provided evidence of the cost of the tiles and the rate used here is considerably higher, so I'm assured labour costs have been included as well as the material cost.

Mrs W has challenged Admiral on some of its costs, especially that of the cost of the tiles used in the kitchen. However, Admiral has shared evidence of the source of the costs used, so I'm unable to say it has been unreasonable in its approach. I haven't seen evidence to suggest these tiles aren't like those that were damaged. I can see Admiral has not included in its quote things that haven't been damaged by the insured event, such as the utility units. As it only has an obligation to replace damaged items, I can't see that Admiral's approach is unfair. Admiral has explained that providing enhanced repairs, that is putting the property in a position better than it was before the incident is not covered by the policy.

However, it is good to see Admiral has made adjustments where it got things wrong. And it did increase the allowance for painting and decorating.

I appreciate Mrs W doesn't think the settlement she has received is fair, but I haven't seen evidence to suggest it is not a reasonable settlement based on the costs Admiral has access to. Admiral has also said, if Mrs W would still like Admiral to arrange the repairs, it would still be willing to use its network of suppliers to complete the works. However, Mrs W would need to repay the cash settlement she has received before it could arrange this. I think this is

reasonable. However, as I think the cash settlement is fair, I don't uphold this aspect of the complaint.

Our investigator awarded an extra £200 compensation than Admiral offered. Mrs W hasn't suggested she is unhappy with this amount when responding to our investigator. I'm pleased Admiral accepted its errors, especially the attitude of its staff. I think a customer needs support and guidance in these events.

However, I'm also mindful the complaint has run on as Mrs W disputed the settlement from Admiral. I've said I think the settlement was a fair one, so I don't think it's fair to hold Admiral accountable for this part of the delay. However, I think the award provided by our investigator is about right (a total of £750 communication) for the poor communication and inconsistent messages which led to delays and unnecessary frustration. So, I do uphold this aspect of the complaint.

My final decision

My final decision is that I partially uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to pay:

- £200 compensation – for distress and inconvenience (so the total compensation is £750).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 30 March 2026.

Pete Averill
Ombudsman