

The complaint

Mr K is unhappy that Admiral Insurance (Gibraltar) Limited declined his claim under his contents insurance policy. And he's unhappy with the way they handled the claim.

What happened

Mr K contacted Admiral in early May 2025 to report and make a claim in relation to an escape of water from the flat above. This led to water damage to his bathroom including the ceiling, walls, tiles and flooring.

Admiral requested information from Mr K such as his lease agreement, considered if they could make full recovery from the third party, offered to pay for damage to the lights and flooring and then later decided to decline the claim in full. Mr K made a complaint about this. He was unhappy with the decline of the claim as he felt he was covered under his contents policy terms. But also, with Admiral's handling throughout. Mr K said that no one provided clear guidance on what was covered and what wasn't.

Admiral issued their final response on 22 May 2025. They said that Mr K only held a contents insurance policy and permanent fixtures and fittings such as walls, ceilings and tiles are classified as part of the building and would typically fall under a buildings insurance policy. And whilst they recognised that Mr K is legally responsible for the fixtures in his flat under his leasehold agreement – they said this doesn't alter the terms of the contents policy he had taken with them. They felt they had explained the scope of the policy and why elements of the claim weren't covered. But apologised if this wasn't made clear to Mr K or if the policy wording caused any confusion. They said they had taken on board Mr K's feedback to ensure their policy documents are as clear as possible for all customers. They also said they feel the policy was sold correctly based on the cover Mr K selected.

Mr K brought his complaint to this service. Our investigator felt it was reasonable for Mr K to expect a policy indemnity for leaseholder's fixtures and fittings that he was legally responsible for. And Admiral had requested a copy of the lease early in the claim, so he was persuaded that they required it for the same reasons - the policy provided express indemnity for leaseholder's fixtures and fittings that Mr K was legally responsible for. And so, he felt it was reasonable for Admiral to make an offer of indemnity based on the repair quotation Mr K received dated 5 May 2025, unless further insurable damage had been identified.

The investigator also said he expected Admiral to seek a full recovery of any outlay from the third-party tenant so as to improve Mr K's claims record. And he also said Admiral should pay Mr K £300 for the distress and inconvenience it caused. Mr K accepted the recommendations and provided an updated invoice. But Admiral disagreed. They said they needed to know why Mr K (and the other leaseholder's) had not arranged overall buildings cover. They said that they had looked to cover the spot lighting as it was indicated it was supplementary to the original lighting in the flat and possibly the flooring if that had been added by Mr K. But having reviewed photo's they argued that the plasterboard ceiling would be a feature of a buildings policy and the inset spotlights were also part of the building conversion into flats, and not something that was added later. They asked this service to obtain information from Mr K to determine what other insurance is in place for the building

through the leaseholders. As a resolution wasn't reached it was passed to me to decide. I issued a provisional decision on 9 January 2026 which said:

"What I've provisionally 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.

Whilst I've considered all the information, I haven't commented on it all. Instead, I've focussed on what I consider to be the crux of the complaint and most relevant to the outcome reached. This isn't meant as a discourtesy but reflects the informal nature of this service.

*I note from the policy schedule that Mr K is covered for contents only. And it explains that sections 2,3 and 4 of the policy apply. These sections provide a breakdown of coverage for contents, cover away from home and for pedal cycles. The terms and conditions set out the agreement between Mr K and Admiral. And I note they define contents as the following (**my emphasis added**):*

"Household goods, high-risk items and personal belongings which you or your family own or are legally responsible for, including tenant's or leaseholder's fixtures and fittings, aerials and satellite dishes, domestic gardening equipment and domestic motorised vehicles, but not including the following:

Any living creature or garden plants, Pedal cycles, Securities (financial certificates such as shares and bonds), money, credit cards, certificates and documents, Landlord's fixtures and fittings, Any part of the buildings, Business equipment, Motorised vehicles."

Mr K has told us he thought he was covered under the leaseholder's fixtures and fittings for the damage to his bathroom. And I can see why he felt this was the case as within the definition of contents, this includes leaseholder's fixtures and fittings. There also isn't a policy definition of 'fixtures and fittings' in the terms either. I do recognise that it also says but not including...Any part of the buildings. So, I have gone on to consider the definition of buildings and the policy says:

*"Your home and its permanent fixtures and fittings, including the following:
Central-heating systems, fuel-storage tanks, drains, permanently connected pipes and cables, service tanks and septic tanks, permanently installed wind turbines, solar panels, electric-vehicle charging points, ground-source-heating pumps, air-source-heating pumps, hot tubs and swimming pools, drives, decking, boundary hedges, fences, garden walls, gates, hard tennis courts, paths, patio's and terraces."*

This also says your home and its permanent fixtures and fittings too. So from both the buildings and contents definition, it seems that fixtures and fittings are covered, the difference being that even if there is only contents cover, this extends to cover leaseholder's fixtures and fittings too, which might also be covered under a buildings insurance policy. So, I don't think it was unreasonable for Mr K to conclude he was covered for his fixtures and fittings when he took out the policy.

Since the complaint came to this service Admiral has provided some further clarity around the meaning of fixtures and fittings from a senior underwriter who said:

"The Contents section of our home insurance policies highlighted by the Ombudsman included "tenant's or leaseholder's fixtures and fittings" in the Contents definition to cover two fairly common scenarios. This wording is intended to apply where a "Contents

only” customer has liability for something which would otherwise be covered under the Buildings section of our policy...”

This suggests that the “tenant’s or leaseholder’s fixtures and fittings part of the term would apply where there is contents only cover and the policyholder has liability for something that would otherwise be covered under the buildings section of the policy. For example, a leaseholder being responsible for the internals of their flat, with the freeholder being responsible for the external fabric and structure of the building.

Mr K is a leaseholder, and he has shared his lease agreement with this service and Admiral. I note it says:

“From time to time and at all times during the term to put and well and substantially repair cleanse maintain amend and keep in repair all parts of the demised premises and the Landlords fixtures and fittings therein (including any radiators and window frames) by excluding the roof structure and foundations of the demised premises and as occasion requires to clean and keep all windows cisterns boilers and soakways in the demised premises and all ball cocks in good order and condition..”

So, I’m satisfied that Mr K is responsible for the fixtures and fittings inside his flat.

Admiral accepted that they don’t specifically define ‘fixtures and fittings’ but said they are common terms with widely accepted applications. They also provided the following overview:

“1. Fixtures and fittings belonging to a tenant who rents their home from a landlord, local authority or similar. These are sometimes referred to as “tenant’s improvements”. Here, the customer will have no liability for insuring the building itself, but may have made small additions (such as their own lightshades and curtain rails) which require cover.

2. Fixtures and fittings belonging to a customer who owns or mortgages a flat on a leasehold basis and does not require full Buildings cover. The walls, roof and main structure of the home will be insured via the freeholder or another arrangement. However, these policies often limit cover to exclude fixtures and fittings within the customer’s flat.

Fixtures are:

Items permanently attached to the property, requiring tools or tradespeople to remove. Removing them can potentially damage other parts of the Buildings. (e.g. fitted kitchens, bathroom furniture and light fixtures)

Fittings are:

Items attached to the property via less permanent means, requiring no or minimal tools to remove, these will not cause damage to the Buildings when relocated. (e.g. curtain rails, lampshades and wall-mounted shelves)”

Taking this into consideration, it’s not clear why Admiral have declined the claim. The overview above would suggest that fixtures are items permanently attached to the property requiring tools or tradespeople to remove, and which when being removed may cause damage. So, Mr K’s bathroom tiles, flooring, light fixtures, bath, sink etc (which he is responsible for) would fall into this category.

I appreciate that Admiral felt that the freeholder would have buildings cover that should provide cover for Mr K. However, they have seen the lease agreement for what Mr K is responsible for and the term suggests that leaseholder’s fixtures and fittings are covered. So

regardless of whether the freeholder building policy was to cover this too, Mr K's policy covers this, so he's entitled to make a claim under his policy.

Based on what I've seen so far, I'm satisfied that it was reasonable for Mr K to believe he was covered and Admiral should accept that Mr K is covered under the content's definition of fixtures and fittings for the reasons explained.

I recognise that the investigator has asked Admiral to make an offer of indemnity based on 5 May 2025 repair quotation and consider any further insurable damage. However, I don't think this is a fair and reasonable resolution to the complaint at this stage. I appreciate Mr K did have a lot of back and forth and needed to get the work done to use his bathroom. But up to this point Admiral have largely declined the claim. And so, they haven't had an opportunity to fairly consider redress in terms of the works that have been undertaken.

As Admiral haven't yet validated the works carried out, I can't reasonably say at this stage they should simply settle the invoice. Instead, Admiral will need to consider whether the works carried out were in line with the escape of water damage. Therefore, unless anything changes as a result of the responses to my provisional decision, I'll be directing Admiral to reconsider the claim in line with the remaining policy terms taking into account Mr K's policy covers fixtures and fittings he's responsible for. If Mr K is unhappy with whatever settlement offer Admiral makes, he'd be able to raise a new separate complaint about this, and if he remained unhappy, to refer a new complaint to this service to consider – subject to our usual rules and timescales.

Our investigator also recommended Admiral should seek a full recovery of any outlay from the third-party tenant so as not to impact Mr K's claims history. However, that's not something I'm intending on directing Admiral to do. Ultimately, Mr K is choosing to make a claim under his insurance policy, and Admiral is responsible for that so there is the potential for Mr K's claims history to be impacted. But it is up to Admiral if it then goes on to seek recovery from the third party, as it may not be able to depending on the reasons the leak occurred, and whether any third party can be held liable.

The claims process hasn't been smooth, and it's clear Mr K has been confused throughout the process around what Admiral was willing to cover and what they weren't – and from what I've said above about the policy terms, I can see why. Given this I think Admiral should pay Mr K £300 compensation for distress and inconvenience it caused.”

Responses to my provisional decision

Mr K was concerned that it would be left to Admirals discretion and goodwill to decide what settlement would be appropriate. He accepted that Admiral hadn't looked into the works undertaken, though he felt they had time to do this. And said that from his experience to date he would expect them to simply put forward another derisory and limited claims settlement offer. He also asked if Admiral could put forward their proposed settlement offer before concluding this complaint.

Admiral didn't accept all of what I had said. They said that the lease on the building refers to 'Tenants' and not leaseholders and Mr K isn't a tenant but a leaseholder and also a director in the residential property management company which appears to have been set up to look after the interests of the various leaseholders and presumably also the freehold of the site. They said they had been asking why the building policy didn't cover the loss in respect of the structure of the flat in terms of the internal ceiling damage etc. And they had been wanting an email from the building insurer to explain why the claim could not be met under their policy.

They said the claim isn't for anything added by Mr K post purchase such as fitted wardrobes or fitted window shutters. And they appreciate that often with freehold or leasehold flats there will be restrictions under the main freehold block policy for such later improvements and it is for this reason they include leaseholder fixtures and fittings cover. And if they were to treat the ceiling as leaseholders' fixtures, then it would mean their policy would need to contribute with the building policy. And that is why they ask the leaseholder to determine why there is no cover under the freehold block policy. So, they're looking to better understand the situation. They also said for them to validate the claim aside of the quantum issues I refer to in my provisional decision, they need to establish why the building block policy is not covering the damage to the building fabric of the flat.

Admiral have also referenced a slight difference in their policy definitions, pointing out that for the buildings definition it refers to permanent fixtures and fittings and in the contents definition it refers to leaseholders' fixtures fittings but excludes any part of the buildings. They also shared further evidence to support their thoughts on fixtures and fittings which they felt applied to this situation.

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 both parties providing their comments which I have fully considered.

I understand Mr K's concern. However, for the reasons explained it isn't appropriate for me to direct Admiral to cover the costs incurred at this stage. And it wouldn't be possible for them to provide a proposed settlement at the moment as they haven't accepted my provisional decision, and they feel more is required for them to assess it further. And the next step in our process is a final decision which brings us to the end of our involvement in a complaint. As previously explained, if Mr K is unhappy with whatever settlement offer Admiral makes, he'd be able to raise a new separate complaint about this, and if he remained unhappy, to refer a new complaint to this service to consider – subject to our usual rules and timescales.

I can see that the original lease document Mr K has provided referenced 'Tenant' as opposed to 'Leaseholder'. However, I note it also defines Tenant as:

"Tenant means the second party and where the context permits successors in the title to the second party"

So, I think it's clear that it is referencing the additional party to the freeholder as opposed to a Tenant in the traditional sense. And I'm satisfied from what I have seen that Mr K is the leaseholder.

Admiral have explained that they require the details of the insurer that covers the building to understand why the policy didn't cover the loss in respect of the structure of the flat in consideration of the internal ceiling damage etc. And they've explained that if they were to treat the ceiling as leaseholders' fixtures, they would need to contribute with the building policy. But at this point they have simply declined the claim, and my provisional decision sets out that I think Admiral should reconsider the claim accepting that fixtures and fittings are covered. However, this will mean assessing the repair works that Mr K is claiming for and that have taken place, to see what aspect of it is covered based on the definitions provided by their underwriter.

If whilst doing this, they feel they require collaboration from the building insurer, as work overlaps, then I'd expect them to explain this to Mr K and it would be up to him to decide if he wants to provide this to support the progress of his claim. At this stage there isn't anything to suggest that it is required in order for Admiral to proceed with the claim.

I recognise the difference in the definitions and referenced it in my provisional decision. However, as there is no definition of fixtures and fittings in the policy, as explained I don't think it was unreasonable of Mr K to think he was covered. Particularly given the general definition provided by Admirals underwriter.

For the reasons explained my decision hasn't changed from the outcome I provisionally reached.

My final decision

My final decision is that Admiral Insurance (Gibraltar) Limited should:

- Reconsider the claim in line with the remaining policy terms, taking into account Mr K's policy covers fixtures and fittings he's responsible for.
- Pay Mr K £300 compensation for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 31 March 2026.

Karin Hutchinson
Ombudsman