

## **The complaint**

Mr and Mrs S are unhappy with the way Admiral Insurance (Gibraltar) Limited has offered to settle a claim they made under her home insurance policy.

Mrs S has primarily dealt with the claim and complaint, so I'll refer to her only.

## **What happened**

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mrs S got in touch with Admiral after discovering damage caused by a water leak under the kitchen floor. She arranged for the leak to be repaired separately.
- Admiral accepted the claim and appointed various agents to handle it. Damaged areas were stripped out and dried. Mrs S was told the claim would be settled by cash payment because the contractor who had been appointed to carry out the building work said they weren't prepared to do it.
- Mrs S said she didn't want to take a cash payment and would prefer for Admiral to arrange for the work to be carried out. She made a complaint about this and the way the claim had been handled, including the time it had taken, the way she had been communicated with, and the way the kitchen floor had been left.
- Admiral accepted the level of service provided by its agents had fallen short of expectations and offered Mrs S £200 compensation, in addition to £75 it had paid for earlier delays. It didn't agree to replace its main claim handling agent or to arrange for repairs, saying the 'behaviour onsite' meant it would settle the claim by a cash payment equivalent to its own cost of carrying out the work.
- Our investigator didn't think Admiral had acted fairly. She wasn't persuaded Admiral had shown there had been any unreasonable behaviour. She noted avoidable delays, poor communication, and the impact this had had on Mr and Mrs S. She recommended Admiral arrange to complete the repairs or pay cash based on the cost to Mr and Mrs S and pay an additional £150 compensation.
- Mr S agreed with this. Admiral responded to say it disputed all of the investigator's findings, but didn't provide any further evidence or comment.

## **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.

The policy covers damage caused by an escape of water. Admiral has accepted the claim and taken steps to dry the affected areas. The main part of this dispute is about how Admiral should settle the claim.

The relevant section of the policy says Admiral will decide how to settle the claim. And if it decides not to repair, it will pay the estimated cost of repair.

The policy doesn't specify that Admiral can limit settlement to *its own* estimated cost of repair – which is likely to be lower than the cost Mrs S can access on the open market. Generally, if it had offered to carry out repairs and Mrs S had declined – or had acted inappropriately – I may consider it fair for Admiral to cash settle at its own rates. Otherwise, it should offer to carry out the repairs or pay the cost Mrs S can access on the open market.

Admiral hasn't offered to carry out repairs. It has indicated there has been inappropriate behaviour and that means it shouldn't be expected to carry out repairs.

If an insurer shows evidence that a policyholder or their representatives have acted inappropriately, for example in a threatening or offensive manner, I may agree it would be reasonable for it to offer a cash settlement at its own rates as it wouldn't be fair to expect it to carry out work in these circumstances.

But despite our investigator asking for evidence of what Admiral has described as 'behaviour onsite', nothing has been provided. So I'm not persuaded it would be fair to take this into account when considering how to settle the claim fairly.

Whilst the policy terms give Admiral absolute discretion about how to settle the claim, I would expect it to take into account the policyholder's circumstances and ensure any settlement treats them fairly.

Mrs S has explained that her and Mr S have no knowledge of local builders and their age and health means they would prefer Admiral to arrange the work for them. I don't think that's unreasonable. Admiral should consider whether it wishes to do this. If not, it will have to pay cash to the value of quotes Mrs S is able to source. That will ensure she's given enough money to have the work carried out – which is unlikely to be the case if settlement is based on Admiral's own rates.

I understand a schedule of work is yet to be produced by Admiral. So, whichever option it takes, it will need to create a schedule and share it with Mrs S. It should do this based on a visual inspection of the damage as it stands currently to ensure the schedule accurately captures all the work that needs doing to put right the damage caused by the water leak.

The way the claim was handled by Admiral's agents has led to significant delays – it took nearly three months to strip out the damaged areas and begin the drying process. In my experience that usually happens within a matter of days or one or two weeks at most.

This caused unnecessary inconvenience to Mrs S, particularly as the way she was communicated with by some of the agents involved was very poor. She was rarely called back or proactively updated and seemed to do most of the chasing to get the claim moving herself. She shouldn't have had to do that.

As the floor had been removed during the strip out, a step at the threshold to other rooms was created. Despite Mr and Mrs S' age and known vulnerabilities, I understand no attempt was made by the contractor to reduce the trip hazard. Both have had falls, which has added to their distress during the delays.

Some disruption to daily life is an inevitable part of the claim. But if it had been progressed promptly and fairly, as it should have been, I think the distress and inconvenience suffered by Mr and Mrs S would have been significantly reduced.

Admiral has accepted the claim handling was below reasonable standards. Whilst I'm pleased to see its recognised it let Mr and Mrs S down, I'm not satisfied its offer of £275 in total goes far enough to put things right.

Our investigator suggested an additional £150, making £425 in total. I'm satisfied this is reasonable compensation in the circumstances.

### **My final decision**

I uphold this complaint. I require Admiral Insurance (Gibraltar) Limited to:

- Settle the claim as set out above.
- Pay total compensation of £425. Any payments already made toward this figure can be deducted.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 13 December 2022.

James Neville  
**Ombudsman**