

The complaint

Mrs A is unhappy that Admiral Insurance (Gibraltar) Limited declined her claim for water damage under her buildings insurance.

Any reference to Admiral includes agents acting on its behalf.

What happened

Both Mrs A and Admiral are familiar with the background to this complaint, so I've set out a summary of what I think are the key events.

Mrs A made a claim under the home emergency section of her policy when she found water coming into her home from an external drainpipe. Admiral appointed a plumber, and then advised Mrs A to arrange for her own plumber. Her plumber cleared a blocked underground drain, which resolved the problem, and Admiral reimbursed Mrs A for the cost of repair.

Mrs A then made a claim under her buildings and contents insurance. Admiral inspected the damage and agreed it was due to the water ingress. However, it declined the claim under the policy exclusion for damage caused by water escaping from external pipes above ground.

Mrs A complained to Admiral because the source of the problem was an underground drain. Admiral remained of the view that the damage wasn't covered under the policy for the reasons it gave.

Our investigator didn't think Admiral had fairly declined Mrs A's claim. He said the flood water caused the damage because it was sudden and came from the drain below ground. Therefore, our investigator thought Admiral should settle the claim under the flood peril.

Admiral didn't agree. It said the water came from the pipe above ground, for which the policy excluded cover. Admiral also said the policy didn't provide cover for rising water levels, so the damage wouldn't be covered under the flood section or the accidental damage section.

The complaint was passed to me to decide.

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've decided to uphold Mrs A's complaint. I'll explain.

To begin with, I'll clarify which parts of the complaint I'm deciding. I'll only look at the claim for water damage under the buildings and contents insurance. I won't be looking at the home emergency element, and Mrs A confirmed that's been settled.

Admiral also declined the claim under the storm section of the policy. However, there seems to be little or no dispute about the weather conditions, and Mrs A hasn't claimed for damage

under that section.

Therefore, I'll address the remaining complaint, which is that Mrs A thinks Admiral unfairly declined her claim using the above ground drainpipe exclusion for flood damage caused by a blocked underground drain.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably.

The policy sets out the detail of the contract between Mrs A and Admiral. The policy covers storm and flood damage, but the policy specifically excludes cover for damage caused by gradually rising ground-water levels. The policy also excludes cover for damage caused by an escape of water from external pipes that are above the ground.

The damage was caused by water building up and escaping from the top of an external drainpipe so, on the face of it, I can see why Admiral declined Mrs A's claim.

However, Mrs A provided evidence from her plumber that the water escaped because of the below ground blockage. Based on this evidence, the plumber's confirmation that the damage was caused by the underground drain, and that Admiral reimbursed the repair fee, I see no reason to doubt that the source of the damage was the blocked underground drain.

The policy states that damage caused by water escaping from drains above ground isn't covered, which implies that drains below ground are covered.

Overall, I don't find that Admiral relied reasonably on the storm or the above ground drains exclusions. Therefore, I'm satisfied that Admiral should reconsider the claim under the flood peril without relying on these exclusions.

I note Mrs A has paid for the repairs. Therefore, I'd expect any settlement to be a cash settlement in line with the repair costs.

My final decision

For the reasons given, my final decision is that I uphold Mrs A's complaint and Admiral Insurance (Gibraltar) Limited must:

- reconsider Mrs A's claim under the flood peril and in line with the remaining policy terms and conditions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 11 April 2024.

Debra Vaughan

Ombudsman