

The complaint

Mr R complains about Admiral Insurance (Gibraltar) Limited (“AIL”) and the way they handled a claim he made on his home insurance policy, following a leak found in his bathroom.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, in April 2023, Mr R’s neighbour who lived below him made him aware of a leak originating from his bathroom that had damaged their ceiling. Mr R arranged for this leak to be fixed, and he contacted AIL, the underwriter of his home insurance policy, to make a claim for the damage caused by the leak, and the trace and access required to locate it.

AIL instructed a surveyor, who I’ll refer to as “B”, to inspect the damage to Mr D’s home. And B felt the costs to repair the damage caused to Mr D’s home would be less than the applicable excess included in Mr D’s policy. So, because of this, AIL declined the claim. Mr D was unhappy about this, so he raised a complaint.

Mr D was unhappy with how long the claim had taken, without an outcome. And he was unhappy with the decision to decline the claim, as he felt there was significant damage not considered by B which would cost a significant amount to repair. So, he wanted AIL to reverse their decision, and compensate him for the impact suffered by him and his family. AIL responded to the complaint but didn’t uphold it. So, Mr D referred his complaint to us.

Our investigator looked into the complaint and upheld it. Our investigator provided three different recommendations due to additional representations made by Mr D. But in all three, our investigator thought AIL had failed to consider all the damage caused by the leak and trace and access fairly. So, in their final recommendation, they recommended AIL should reconsider the claim, considering the costs required to replace the floor joists, floorboards, beams, and bathroom tiles.

And they explained that, should AIL not be able to replace the damaged bath panel, then AIL should cover the full cost of replacing that and the bathtub, as well as the other matching items in the bathroom suite such as the toilet and wash hand basin, in line with the matching sets condition set out within the policy. But if the panel could be replaced, then they recommended AIL pay 50% towards the remaining suite set, in line with our service’s approach. This 50% was also made clear for the replacement of the damaged bathroom tiles if the damaged ones only could be replaced.

And on top of this, our investigator recommended AIL pay Mr D £400 to recognise the trouble and upset he’d experienced during the claim.

Both AIL and Mr D accepted this recommendation, and the complaint was closed. But Mr D contacted our service after this action was taken to express his dissatisfaction at the way AIL had carried out recommendation agreed. Because of this, the complaint was re-opened and passed to me for a decision.

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'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, I think it's particularly important for me to set out exactly what I've been able to consider. I recognise Mr D is unhappy with the cash settlement proposed by AIL, having followed the recommendations of our investigator under this complaint.

But any concerns regarding the cash settlement put forward by AIL after our recommendation was actioned, including the way it was calculated and any inflationary uplift that could or should be applied, would be classed as a new issue and so, must be treated as a separate complaint that is considered under a separate complaint reference by our service. So, this hasn't impacted the decision I've reached. I note this has already been made clear to Mr D, and I can see a separate reference for these issues has been created.

Instead, my decision focuses solely on the actions of AIL up to the point of their final response letter, issued in June 2023, exactly as our investigator's recommendation did. And I note that following our investigator's investigation, both Mr D and AIL accepted the outcome our investigator reached, and the recommendation they put forward.

So, I think it's already accepted by both AIL and Mr D that AIL acted unfairly when declining the claim. And, that this decision taken by AIL impacted Mr D and his family negatively. Because of this, I don't intend to discuss the merits of the complaint in any further detail, as they no longer remain in dispute. Instead, I've gone onto consider what I think AIL should do to put things right.

Putting things right

And when I think about what I think AIL should do to put things right, I again must take into account AIL and Mr D's acceptance of the recommendation the investigator put forward. But as well as considering the acceptance, I must also be satisfied that the recommendation is a fair one, that falls in line with our service's approach. And I think it is.

I think the £400 compensatory payment fairly recognises the frustration Mr D would've felt when being told his claim had been declined, which is now accepted was incorrect. And I think it recognises the inconvenience Mr D would've felt during this time, and how this would've been made worse by the worry he no doubt would've felt about his family and the impact the issue was having on them. So, this is a payment I am directing AIL to pay if it hasn't been issued already.

And turning to the claim itself, having considered Mr D's testimony and the evidence he's supplied, alongside B's report, I think it's reasonably clear there was damage caused by the leak, and the trace and access, that AIL didn't consider initially. And, that this damage should be considered under the terms of the policy Mr D held.

But crucially, it isn't our service's role to speculate on, or calculate, how much this work will cost. Instead, our standard approach is to direct AIL to reconsider the claim taking into account the repairs that will be required.

In this situation, I think it's clear that the costs to repair or replace the beams, joists, floorboards, and bathroom tiles need to be considered. And as the bathroom tiles are part of a matching set, I'd expect the matching set cover included within the policy terms to be considered. So, in line with our approach, if the damaged tiles can't be replaced appropriately, we'd expect all the tiles included within the matching set to be replaced. And if they can be replaced, we would expect a contribution of 50% to be offered for the rest of the undamaged set. I note AIL have already accepted this recommendation.

And in terms of the bath panel, again we'd expect the matching sets condition, and our service's approach, to be considered here. So, if the panel can't be replaced and the bath itself needs to be replaced alongside it, we'd expect the other parts of the suite set to be replaced. But if it can be replaced on its own, then a 50% contribution should be made for the other undamaged items. Again, I note AIL have already accepted this recommendation.

So, I'm satisfied the recommendation put forward by the investigator, and accepted by both parties, falls in line with our approach and what I would've directed had it not already been put forward. So, it is now what I am directing AIL to do.

Should Mr D remain unhappy with the settlement amount he's offered once AIL have considered above, he will need to continue to pursue these concerns through a new complaint, as I've already stipulated earlier within the decision.

My final decision

For the reasons outlined above, I uphold Mr D's complaint about Admiral Insurance (Gibraltar) Limited and I direct them to take the following action:

- Reconsider the claim to include the costs required to repair the floor joints, beams, floorboards, bathroom tiles and bath panel.
- Should any of the items that form part of a matching set not be able to be replaced appropriately, then AIL should cost for a replacement of the full set, in line with the terms and conditions of the policy they provide. If a repair or replacement for the damaged items only is possible, then AIL should look to offer a 50% contribution for the undamaged items included within the sets, as per our services standard approach.
- Pay Mr D £400 compensation to recognise the inconvenience and emotional impact he's been caused if it hasn't been paid already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 March 2024.

Josh Haskey
Ombudsman