

The complaint

Mrs & Mr G complain that Admiral Insurance (Gibraltar) Limited (“Admiral”) declined a claim under their home insurance policy. When I mention Admiral I also mean its experts and suppliers.

What happened

Mrs & Mr G had a home insurance policy with Admiral.

In June 2024 Mrs & Mr G were told by their neighbour that the render on one of their walls was in poor condition. Mrs & Mr G weren’t aware of this and hadn’t been able to see this particular wall from the outside.

They said the wall looked water damaged along the bottom of the render. There was moss growing indicating that damage had been happening for some time. They contacted Admiral and made a claim.

Admiral investigated and sent an assessor to look at the problem. Admiral declined their claim because it said the render hadn’t been installed correctly and poor drainage meant there’d likely been standing water at the bottom of the wall.

Mrs & Mr G complained to Admiral about the decision. Admiral didn’t uphold their complaint, so they approached this service. They complain about Admiral’s decision to decline their claim and that their renewal premium was affected by the claim being open on their records. They think the claim should be valid because they thought their neighbour, who could readily see the wall, was acting maliciously.

Our investigator looked into the complaint and thought it wouldn’t be upheld. He said he thought Admiral had reasonably declined the claim.

Mrs & Mr G didn’t agree with the view. Because they didn’t agree, their complaint has been passed to me to make a final 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.

I’ll start by saying that I can only consider matters that have been brought to Admiral and for which it’s provided its final response. I can see Mrs & Mr G are unhappy about the renewal price of their policy due to their claim being open for an extended period, but I can’t see they’ve had a response from Admiral about this. If they remain unhappy they can make a further complaint which may reach this service in due course.

This decision can only consider their complaint about the claim.

I can see from the file that Mrs & Mr G moved into their home about two years ago, and work was done on the house about five years before that which included rendering the wall in

question.

There's mention in the file that the previous occupier of their home had poor relations with the neighbour. The wall ends in an area Mrs & Mr G can't access, and there's a drainpipe from the roof into a drain on the neighbour's land. The drainpipes were referred to as being in poor condition. I'll refer to this area as a 'yard'.

The neighbour told them about the damaged render because the neighbour wanted to improve the yard for them to use.

When Admiral inspected the wall and declined the claim, Mrs & Mr G approached the company who'd refurbished the house. That company said it'd used the correct render, which was lime based, for the wall and applied it correctly.

But Admiral said the wall shouldn't have been rendered down to the concrete floor of the yard. Its assessor said:

"The rendering on insureds[sic] property should not have been applied down to the concrete especially in a place where drainage is poor. There should have been a stop bead around the finished floor level of the property."

It used this exclusion to decline the claim:

"6. Faulty design Any loss or damage caused by faulty design, inadequate or inaccurate plans or specifications, faulty materials or poor workmanship."

The report provided by Admiral's inspectors makes the cause of the damage clear:

"...I could see water marks down the house walls where water has been leaking from defective gutters and rainwater pipes which belong to the neighbours, the concrete yard below is covered in green mould between the 2 properties indicating water has been unable to drain away, this in turn has affected the insureds [sic] gable wall due to the damp being drawn up the wall and is affecting the rendering."

The assessor said they suspected the neighbour's drain in the yard had been blocked, meaning that the bottom of the render may have been in standing water for some time, which would likely have caused the damage.

Mrs & Mr G's insurance policy covers insured perils. It's their responsibility to prove a peril was operating and caused the damage. Whereas it's Admiral's responsibility to prove why an exclusion means cover doesn't apply.

I've read the appropriate sections of Admiral's policy wording and I can't see there's a peril listed that includes cover for damage caused in this manner.

I've thought about Admiral's application of the "Faulty design" exclusion, which I know Mrs & Mr G won't agree with, but I've considered the evidence in the file and I think it's been reasonably applied to their claim given the report provided by Admiral from its assessor.

Unfortunately, what this combination of lack of cover and application of an exclusion means for Mrs & Mr G is that the damage to their wall isn't covered under the policy terms and conditions.

The drain was inspected and was operating correctly, but this doesn't mean it always was in this condition, and I'm minded to point out the neighbour's proposed change of use of the

yard may mean they sorted out possible drainage issues.

And it's this point that Mrs & Mr G think is central to their complaint. They ask why their claim isn't one of malicious damage against their neighbour. They point out that they could not have been aware of the damage, as they had no access to the yard before their neighbour told them. So they think the neighbour likely acted maliciously in allowing the damage to happen.

I can see from the file that Mrs & Mr G focused their complaint around the actions of their neighbour. They have asked Admiral to consider whether the actions of the neighbour in allowing the drain to apparently become blocked, and not telling them about the damage to the render, amount to malicious damage.

I've thought carefully about this point. I sympathise with Mrs & Mr G here, and I can see their point that their neighbour seems to have allowed the problem to develop over several years. And potentially has added to the issue by not fixing their guttering and drainage issues.

But I also must consider that the neighbour ultimately did inform them about the damage, and that standing water in the yard may well have had a negative impact on dampness and mould in their own property. And it's these considerations that would seem to indicate to me that their actions weren't malicious – and so I don't think Admiral needs to reconsider the claim on that basis.

I've also thought about whether Mrs & Mr G have a potential claim against the neighbour, which may be possible if they can show the neighbour acted negligently. This remains a possibility for Mrs & Mr G to consider, and it's my understanding they have access to a legal cover that may seek to recover the costs.

But it's clear to me that Admiral has acted fairly and reasonably in how it rejected Mrs & Mr G's claim as I don't reasonably think cover exists under the policy. So, I'm sorry to arrive at this conclusion and I appreciate Mrs & Mr G's strength of feelings about their claim, but I'm not upholding their complaint.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 10 January 2025.

Richard Sowden
Ombudsman