

The complaint

Miss A complains about how Admiral Insurance (Gibraltar) Limited (Admiral), handled a claim under her home insurance policy for damage to her property caused by an escape of water.

Any reference to Admiral in this decision includes their agents.

What happened

In September 2021 there was an escape of water at Miss A's property, causing damage to a bathroom and kitchen. Miss A contacted her home emergency provider, who arranged for a contractor to attend to locate and fix the source of the leak. This was found to be a blockage in an outdoor waste pipe.

Miss A also contacted Admiral, as her home insurance provider. Admiral asked Miss A to provide a detailed report setting out what damage had already been repaired as well as a quote for the further repair work needed. In October 2021 Miss A provided a contractor quote covering the buildings work (£3,462.85); replacement of contents (£350); and scaffolding to allow for repair of the waste pipe (£420). Miss A also said the bathroom wet wall might be damaged on removal and need to be replaced. Admiral said she'd have to submit additional evidence should the wall be damaged.

After some discussion, Admiral accepted the claim and made an initial cash settlement of the claim in November 2021 for £4,969.05 (less the policy excess of £800). This was for the bathroom and kitchen and included the strip out and replacement of the damaged bathroom suite (£1,604.84).

However, there were delays due to Covid 19 because Miss A had struggled to source a contractor contractors weren't available or didn't provide written estimates. Admiral said they could arrange for the repair work to be carried out if Miss A repaid the cash settlement Admiral had previously paid. After further discussion, Miss A sent Admiral a quote from a contractor for replacing the wet wall (£2,460). Admiral said they'd need photographs of the damaged areas and the whole bathroom before they could authorise the work.

The date for starting the repair work was delayed several times until March 2023, when the work began. At that point, Miss A contacted Admiral to say areas of the bathroom had been damaged during the repairs, including the wet walls; ceiling; floor tiles; section of wall; shower; radiator; light fittings and fan. Admiral said they'd need a report from the contractor saying how the damage occurred and an invoice for the expected cost of the work. Admiral said if the damage was due to negligence by the contractor this wouldn't be covered, and Miss A would need to take this up directly with the contractor.

Miss A provided a quote for the cost of the work. Admiral compared the quote with their own scope of works. Based on this comparison, they agreed some elements but not others. Specifically:

- The cost for work to the ceiling was £408 in the quote – but Admiral thought the cost should be £166.96.
- The quote advised the radiator was rusty. They considered this meant the radiator was subject to wear and tear – so they wouldn't cover the cost.
- Lights and fan were included in the quote at £600 – but reviewing photographs of the bathroom, Admiral said the lights were working. So they wouldn't cover the cost.
- Floor tiles were included in the quote at £630 – but photographs showed a crack in the tiles with the bathroom suite still in place. If the contractor dropped something to cause the crack, they would be liable for the cost of rectifying the damage. So, the cost wouldn't be covered.
- On the shower, Admiral said they were advised it was damaged on removal due to its age. But without a report to this effect and a supporting invoice, this wouldn't be covered. But they would cover the shower screen (£144.59).
- Admiral accepted the quote for the wet wall (£2,244); ceiling (£408); flooring (£756); dry cleaning cost (£90); and wall repairs (£504).

The total accepted came to £4,194. But with a view to reaching a settlement, an uplift was added, taking the settlement offered to £4,500. When making the settlement offer, Admiral said they thought the contractor had overcharged for aspects of the work they'd carried out. So they'd calculated the settlement figure on what they thought reasonable to complete the works, considering the evidence - Miss A provided photographs and other evidence she said supported the invoice total. Admiral said they wouldn't increase their settlement offer.

Miss A was unhappy at the settlement figure made by Admiral, so she complained. She said she wasn't knowledgeable on the work required and its cost, she'd just provided the estimate from the contractor.

Admiral didn't uphold the complaint. In their final response they said their investigation of the complaint led them to conclude they hadn't made any errors in the service they'd provided. They also referred to what they'd previously told Miss A about those elements of the quote they would accept, as well as those they wouldn't.

Miss A then complained to this service. She said the invoice from the contractor for the work carried out was £8,784 and Admiral had made two settlements for the cost of the work (the initial £1,604.84 and then a further £4,500). As the cost hadn't been fully settled, it meant she was out of pocket by £2,679.16. She wanted Admiral to fully settle the claim at the total value of the invoice.

Our investigator didn't uphold the complaint, concluding Admiral didn't need to take any action. As Miss A had accepted the initial cash settlement in November 2021, the investigator focused on Miss A's claim (based on her contractor's quote) in March 2023. The investigator concluded Admiral had fairly assessed the claim based on the available evidence. As a significant proportion of the repair work was carried out prior to Miss A making her claim and submitting the quote (invoice) Admiral hadn't been able to assess the damage before the work was carried out. The investigator thought it reasonable for Admiral to decline to cover the costs for the radiator, lights, fan, shower and taps. While noting Miss A's point she shouldn't be expected to consider whether the contractor's quotes were reasonable, the investigator thought it would be for Admiral to make the decision, based on what they considered to be reasonable.

The investigator also considered Miss A's point that she'd struggled to source a contractor due to Covid 19 and it would have been difficult to obtain a comparative quote from another contractor. At the time of the leak, September 2021, national lockdowns had ended. While there were residual issues, it should have been possible to obtain a second quote (at least for comparison purposes).

Miss A disagreed with the investigator's view and asked that an ombudsman review the complaint. She made several points. Firstly, the difficulty obtaining other quotes due to the knock-on impact of Covid 19, which meant she could only present one quote. Secondly, she provided a report from her contractor explaining the need for additional work and the costs of several items. Thirdly, as she had accidental damage cover under her policy, this could have covered some of the items that may have been damaged by the contractor (who didn't accept any liability for the damage). Miss A also provided photographs of damaged items that she said supported her view.

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.

My role here is to decide whether Admiral have acted fairly towards Miss A.

Looking at the circumstances of the case, the key issue is Admiral declining to cover all the invoiced (quote) cost for several items in the repair work. Miss A says it's not for her to determine what is reasonable, she has simply provided a quote from the contractor she was able to secure. Admiral say they won't cover certain items, either because the cost isn't reasonable, or the policy wouldn't cover certain items – particularly where they indicated wear and tear.

Other issues for me to consider include the inability of Miss A to obtain quotes from other contractors, which could have been a result of the impact of the Covid 19 Pandemic. Miss A also makes the point she feels some of the items Admiral declined to cover could be considered under the accidental cover section of the policy.

Before coming to the main issue of the items Admiral declined to cover, I've first considered the issue of Miss A being unable to secure more than one contractor quote. She's told us how difficult it was for her to obtain quotes, and I don't doubt what she's told us. While the leak occurred after the national lockdowns in response to Covid 19, it's likely the backlog of work following the easing of Covid 19 restrictions will have led to supply issues in the building sector, including the capacity of contractors to deal with the backlog of work as well as supply (and cost) issues for key materials.

Miss A said she contacted several other contractors, but they didn't provide written quotes. She's also said those that provided verbal quotes were higher than the quote she was able to obtain. That being the case, it's unlikely that if those verbal quotes had been provided in writing, Admiral would have been any more accepting of the cost.

And while there was an impact from the after effects of the Covid 19 Pandemic, including delays in starting the repair work, I don't think this would have had a bearing on the main issue in Miss A's complaint – the cost (and eligibility for cover) of several items of the work. And I can't hold Admiral responsible for the wider impacts and issues related to Covid 19, as they weren't within their control. I've also noted Admiral did offer to appoint their own contractors to carry out the work, although even were this option taken up, from what Miss A has told us, there would have been a delay in the appointed contractor carrying out the work (I've seen mention of a three-month delay). Taking all these points together, I don't think there's anything that Admiral can fairly be held responsible for, or that they've acted unfairly or unreasonably.

Miss A also says it isn't reasonable for her to assess whether the contractor's quote was reasonable. I agree, but it's Admiral's responsibility to assess the reasonableness of any

contractor quote (even where there's only one) by comparison which what it would expect given the scope of work and what they'd expect the work to cost based on their knowledge and experience of the costs or repair work across the claims they assess. So, in challenging the cost of some items of work (and whether items should properly be covered under the terms of the policy) I think they've acted reasonably and as I would expect from an insurer when assessing a claim.

Coming back to the main issue in Miss A's complaint, I've concentrated on those items where Admiral thought costs were overstated or which wouldn't be covered under the policy. And as the initial cash settlement was accepted by Miss A, I've only considered the claim (quote) made in March 2023 for further repair work. While I haven't covered every individual item or issue, I've considered all the information and evidence provided, both by Miss A and by Admiral. So, I've focused on the key items where Miss A disagrees with Admiral.

The first issue concerns the radiator. Admiral say the quote (and the photographs) indicate the radiator was rusty. They consider this means the radiator was subject to wear and tear – so they wouldn't cover the cost. Miss A hasn't provided any evidence the radiator was damaged in the leak and from what I've seen the radiator was rusty. That being the case, I think it reasonable for Admiral to say the radiator was suffering from wear and tear, which is an exclusion from cover under the policy.

Second there's the cost of work to the ceiling. This was £408 in the quote, but Admiral thought the cost should be £166.96. However, I've noted Admiral's settlement included £408 for the work, despite their view it should have been less (based on the area of the ceiling). As the full cost was included in the settlement, I've not considered this issue any further.

Third, there's the lights and fan, included in the quote at £600. Admiral say review of the photographs indicate the lights were working, so they wouldn't cover the cost. Miss A says the photographs were taken on the first day of the work, at which stage the ceiling wasn't damaged, but that other lights weren't working (although this isn't clear from the photographs). And her contractor couldn't provide any supporting evidence. That being the case I don't think it unreasonable for Admiral to have declined this element.

On the fan, I've seen an email from the contractor which states the existing fan was working, but due to its age fell apart on removal and needed replacement. While this indicates the fan wasn't damaged in the leak, it indicates the fan was subject to wear and tear (its age) and so, as wear and tear is an exclusion under the policy then I don't think it unreasonable for Admiral to decline to cover the cost of a replacement.

Fourth, on the shower, Admiral say they were advised it was damaged on removal due to its age. The email from the contractor again confirms the shower was working before its removal, but it fell apart on removal due to its age. Again, as there's no evidence to the contrary, this indicates wear and tear and so would be excluded from cover. So, Admiral acted reasonably in declining to cover the cost. But they would cover the shower screen (£144.59) as (per the contractor email) once removed it was buckled and bent and couldn't be re-used. Looking at the sum offered, I think it's reasonable..

Fifth, floor tiles were included in the quote at £630 – but photographs showed a crack in the tiles with the bathroom suite still in place. Admiral say if the contractor dropped something to cause the crack, they would be liable for the cost of rectifying the damage. So, the cost wouldn't be covered. While Miss A hasn't specifically challenged this item, looking at the evidence concerned, I think Admiral's position is reasonable.

Finally, on the taps, Miss A hasn't been able to provide evidence of their damage from the leak, and the contractor hasn't mentioned taps in their email. Without evidence to support the cause of damage, I can't reasonably ask Admiral to cover the cost of replacing them.

Miss A's third main point is that some of the items could be considered under the accidental damage section of the policy. So, I've looked at the policy definition of accidental damage. It states accidental damage is:.

"Sudden, unexpected and visible loss, or damage which has not been caused wilfully or deliberately."

However, given that in some cases the damage is likely to have been due to wear and tear (and the age) of the items, this wouldn't be considered accidental damage. And I've not seen any clear evidence that any other damage could reasonably be considered accidental under the above definition.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 13 November 2023.

Paul King
Ombudsman