

The complaint

Miss R complains about the way Admiral Insurance (Gibraltar) Limited handled a claim she made for subsidence damage under her home insurance policy.

What happened

In 2021 Miss R noted damage on her property, she made a claim to the insurer. Admiral attended her property and said there was an issue with the drains which had caused subsidence damage to the rear elevation of her property. It repaired the drains but didn't carry out the repairs to the building, instead it offered a cash settlement of around £2,500. It did so because it said there was non-claim related damage in the property as well as claim related damage. For example there was cracking to other parts of the property, and damage to electrics in the kitchen, which Admiral didn't think had been caused by subsidence.

Miss R didn't think the cash settlement amount was enough to repair the damage. She provided her own quote for over £100,000. Admiral said this included non-claim related repairs. But it agreed to appoint an independent surveyor to provide a further assessment of the damage. The report gave similar findings to the repair schedule Admiral had provided. So Admiral didn't agree to pay any more.

Miss R remained unhappy and complained about the offer, but she also complained about the overall time taken to deal with the claim. She also said when repairing the drains, a contractor broke some of her patio paving. And that Admiral hadn't given her alternative accommodation.

In June 2023 Admiral sent a final response to the complaint. Admiral accepted it had damaged some of the paving and acknowledged there were some avoidable delays. It offered £150 compensation to recognise the distress and inconvenience caused by this. It didn't agree to any further payments for claim-related damage. Miss R then brought her complaint to this service.

Our investigator thought Admiral's settlement offer for repairs was fair. He didn't think Admiral needed to provide alternative accommodation because her home was habitable under the policy terms. And he thought £150 was enough compensation to recognise the delays Admiral caused.

Miss R didn't accept that. She said Admiral told her it would settle her claim for around £70,000, and this was in a phone call with them. She also said neighbouring properties on her street had received higher settlement offers for subsidence claims. She said because her electrics in the kitchen were affected, she hasn't had cooking facilities, or been able to use her washing machine for around 18 months. She also said Admiral had now cancelled her policy.

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.

As part of this complaint, Miss R has raised a number of different points. As this is an informal service, I've not responded to each one individually. Instead, I've focussed on those

I consider to be key to the outcome here. However I want to reassure Miss R that I've considered everything she's said carefully when reaching my decision.

In order to assess whether Admiral's settlement offer is fair, I've first considered the reports on what damage is covered under Miss R's policy. The damage will only be covered by her insurance if it's related to an insured event. So in this case, the subsidence. Both Admiral's loss adjuster and the independent surveyor agree that drains at the rear of the property were the cause of the subsidence damage. Their opinion is that this has caused some damage to the rear elevation of the property, a rear bedroom and bathroom. Miss R has said there are also cracks at the front of the property, and there are issues with the electrics, and her kitchen. It was the view of both the loss adjuster and surveyor that these were not related to the subsidence claim. They thought the other cracks were historic damage, and the issues with her kitchen and electrics were more likely as a result of wear and tear.

Miss R disputes this and says the damage is related to subsidence but hasn't provided any evidence in support of what she's said, such as a report from her own expert. She has provided a quote from her own builder for extensive repair works to the property, but it isn't an assessment on the cause of the damage, just a quote for the works needed on the property. So I'm not persuaded, based on this quote, that there has been more damage to Miss R's property relating to the claim.

Miss R says she's been without cooking facilities and a washing machine for around two years because of issues with the drains and electrics, so she says she should have been provided with alternative accommodation as she's entitled to under her policy. But the policy only provides for alternative accommodation if the property *'isn't fit to be lived in'* as a result of an insured event, such as the subsidence in this case. The policy doesn't define when it considers a home not fit to be lived in. As a service we'd generally consider a home to be uninhabitable when there is no access to cooking or washing facilities. Miss R may have had issues with cooking, and she says her washing machine has been affected. However, Admiral informed Miss R early on in the claim that these issues with her kitchen weren't caused by subsidence. And I haven't seen any evidence from her which disputes this. So as it isn't claim related, it follows that Admiral doesn't need to pay for any alternative accommodation.

Miss R says Admiral's offer of around £2,500 isn't enough, as her quote is for over £100,000. I've reviewed her quote alongside the one prepared by Admiral. Her quote contains work that isn't covered under the claim, including stripping out and refitted a bathroom, a new boiler and a new kitchen, as well as extensive repairs to the roof. Admiral says the only repair work is for a crack repair to the rear elevation, and support with a helibar, and some internal replastering and redecorating works. The independent report also supports that these are the only repairs covered by the policy. Admiral has provided a schedule of works and says these repairs would cost the money it paid to Miss R.

As Admiral has decided to cash settle, it needs to pay what it will cost Miss R to have the work done, rather than applying any discount it might receive if it was paying for the work directly. I haven't seen anything which suggests Admiral hasn't paid Miss R a fair amount. And Miss R hasn't provided anything which shows these works would cost her more money to carry out, so I'm not going to ask Admiral to pay anymore.

Admiral did accept it would make good some paving stones that were cracked whilst drain repairs were carried out. From its file it looks like a date was offered in August 2023 for a repair. I don't know this is now resolved, but as this happened after Admiral's final response letter in June 2023, I haven't considered this further. If there are further issues with this, it would need to be raised as a new complaint with Admiral.

Miss R says she was told by Admiral on the phone that it would settle for £70,000, and this service should listen to the calls. I accept Admiral might have told her this, but I don't need to listen to the calls to reach an outcome on this complaint. Even if I accept Admiral told her it

would settle for £70,000, there's no evidence that the claim-related damage would cost this much to repair. So it wouldn't be reasonable to ask Admiral to pay a higher amount because it may have said this [most likely by mistake if it did] on a phone call. Miss R has also said neighbours have received larger pay outs, but I can only consider her property, and the evidence provided on this case. I can't comment on why her neighbours may have received higher pay outs for similar claims.

Turning to the issue of delays, I've reviewed the timeline of the claim. I accept it took some time for drain repairs to be carried out. However I don't consider Admiral responsible for some of this. When the claim was raised there seems to have still been some restrictions as a result of the covid-19 pandemic. And Miss R didn't sign the mandate for drain repairs to commence for a number of weeks which caused some delay. There was also a delay in Miss R providing a quote from her own builder for the repairs. However, Admiral has accepted it could have moved things along quicker at points and offered £150 for that. I think that's a reasonable amount for the delay is caused.

After our investigator reached his outcome, Miss R said Admiral has now cancelled her policy. I haven't considered this as part of this complaint. If Miss R is unhappy with the cancellation, she needs to first raise that with Admiral. Only after it's had a chance to respond would we be able to get involved.

My final decision

My final decision is that I'm not going to ask Admiral Insurance (Gibraltar) Limited to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 28 December 2023.

Michelle Henderson
Ombudsman