

## The complaint

Mr W has complained about the way Admiral Insurance (Gibraltar) Limited ('Admiral') has handled a claim he made under his buildings insurance policy for damage to his property caused by a water leak. Mr W is also unhappy that two excesses were deducted from the claim payment.

## What happened

I issued a provisional decision on 5 October 2023, explaining why I was intending to uphold this complaint. This is what I said in the provisional decision:

### What happened

*In December 2022, Mr W had a water leak at his property which was visible above his living room ceiling.*

*On 4 January 2023, Admiral informed Mr W that they couldn't send someone from a leak detection company to him until 30 January 2023. In the meantime, Mr W had to manually turn off the mains water each time he wasn't using it.*

*A loss adjuster came to Mr W's house to investigate the claim on 3 March 2023. Following that visit, Admiral said it would offer a cash settlement so Mr W could arrange his own repairs. By then Mr W says there was mould on the plaster where the leak had been running. Mr W then had to find contractors to carry out the repair works.*

*Admiral cash-settled the claim but deducted two excesses which Mr W was unhappy about. He also said that he'd omitted to include the cost of repainting the room once the plasterwork had been completed. However, on raising this with Admiral he was told that the redecoration costs had already been included in the cash settlement.*

*Mr W complained to Admiral about the way his claim had been handled and received a final response letter on 30 March 2023 upholding his complaint and offering £200 compensation for the confusion caused by its loss adjuster. However, Mr W remained unhappy with Admiral's settlement of his claim so referred his complaint to this service.*

*One of our investigators looked into what had happened and issued a view on 22 June 2023, not upholding the complaint.*

*Mr W didn't accept our investigator's view. He said from December 2022 to March 2023 he was left without any direct or meaningful help and advice from Admiral and had to source and pay for his own Leak & Detect, Asbestos Check and leak repair as Admiral could not give him any reasonable dates for when they could commence the work. Mr W says that he was initially under the impression that Admiral were going to manage and oversee the work back to the original condition of the living room. It was only when the loss adjuster visited that he was made aware the claim would be*

*resolved with a cash settlement, and at no time did Admiral offer to undertake the work.*

*Mr W also explained that at no point was he advised that the painting and decorating costs were missing from the quotation he provided to Admiral. And he said he hadn't been provided with a breakdown of the plastering and redecoration costs that Admiral insists were included in the settlement offer. Mr W requested an ombudsman's decision on his complaint.*

*Prior to issuing this provisional decision, I emailed Admiral to say that the notes recorded by its claim's handlers evidenced a lack of confidence about whether or not the redecoration costs were included in the settlement figure. Admiral asked its loss adjuster to clarify this point a number of times. Sometimes they were confident with the answer, and on other occasions they were not. Finally, a short email was provided saying those costs had been included. Given the confusion surrounding this issue, evident in Admiral's complaint records, I was not persuaded by a short email alone, that the redecoration costs had been included.*

*So, I asked Admiral to provide a copy of the loss adjuster's technical report, and the scope of works on which the settlement sum was based to assist me to reach a decision on whether or not Mr W's claim had been fairly settled in relation to the redecoration costs. I asked for this information to be provided by 28 September 2023 and said that if it wasn't received, in the absence of any other evidence to show the redecoration costs were included in the settlement amount, I was intending to require Admiral to pay Mr W's quotation for the redecoration costs. Admiral did not respond to that request for information.*

*I am now giving the parties one week to respond to this provisional decision, which is a shorter period of time than I would usually allow. However, the reason for that is the many opportunities Admiral has already been given, to provide the outstanding information to this service.*

*Our investigator first requested the scope of works from Admiral on 21 June 2023, more than three months ago. I requested the information two weeks ago and it still has not been provided. I therefore consider providing a further week for the parties to respond to this provisional decision, is fair and reasonable in the circumstances.*

#### *What I've provisionally 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 intending to uphold this complaint. I will explain why.*

*The invoice provided by Mr W in relation to plastering quoted £1,600 including materials and labour and described the work as: 'Remove water damaged plasterboard from wall(s) and ceiling as required. Dot & Dab wall and board ceiling, prep all areas for plastering. Plaster all affected wall(s) and ceiling flat'.*

*Mr W said that he had not been told at any point that he needed to provide costs for painting and decorating once the wall & ceiling repairs had been carried out. He later provided a quotation in support of his claim for an additional £850 for painting and decorating the room said: 'Supply all paint and materials for [address] rear room [that] has leak £850.00'.*

*Admiral says the painting and decoration costs were included in the initial settlement*

*offer. But the information provided by Admiral to this service on balance, doesn't persuade me, more likely than not, that they were.*

*The notes included in the business' file submission to this service say that on 15 March 2023, Admiral called Mr W to advise him of the settlement amount based on their loss adjuster's report. Mr W asked if that included painting and decorating. The call handler said the report is only for the buildings and then phoned the loss adjuster to say they need to include the redecorating in the settlement amount. The loss adjuster then said they'd included the costs of redecoration in the settlement amount. However, Mr W called Admiral and said the loss adjuster had confirmed to him that they had reached their limit with the settlement and it didn't include the costs for redecoration. Admiral's call handler then checked the scope of works and confirmed he could see the costs for painting the walls and ceiling were included, so the settlement offer had already covered those costs.*

*The confusion continued and on 29 March 2023, Admiral phoned their loss adjuster again, to see if redecorating was included because Mr W had said it wasn't. The loss adjuster's call handler said it doesn't seem to include costs for any redecorating but he could see that redecoration was required and asked if Mr W had any quotes. He said he'd review the file to see if the costs for redecoration have already been included or whether they need to be added.*

*On 10 April 2023 at 2:40pm the loss adjuster emailed Admiral to say that the buildings settlement includes redecoration costs. He said that their scope including building costs is £1,464.16 which includes an additional 10% uplift to match Mr W's quote, for the full building works.*

*Admiral's case notes show that in fact £2,738.05 was paid, with £1,600 being paid in relation to buildings and £1,138.05 being paid in relation to contents. The excess was said to have been deducted from the building's component, giving £1988.05. Admiral paid Mr W £1,988.05 and £740 for the leak detection and the ACM test.*

*As set out in the background, this service has requested a copy of the scope of works from Admiral on several occasions, starting in June 2023. That information has still not been provided. Given the conflicting answers recorded in the case history provided by Admiral, in the absence of a scope of works showing what the settlement offer was based on, I'm not currently persuaded that the painting and decorating was provided for in Admiral's settlement offer. And even if it was, I have seen nothing to persuade me that any amount included in that settlement offer, was sufficient to cover the cost to Mr W of having the works done.*

*Given that work needs to be carried out, for Mr W to be indemnified under the policy for the damage caused by the insured event, Admiral needs to cover the cost of the painting and decorating. And in the absence of evidence to show it more likely than not, has included these costs in the settlement payment, or sufficient costs have been included in the settlement, I'm intending to conclude that Admiral has not fairly or reasonably settled Mr W's claim.*

*And while it might be suggested that Mr W ought to have ensured those costs were included in the initial quotation he provided to Admiral, Mr W, unlike Admiral's loss adjuster, is not an expert. Also, as Mr W said, he expected Admiral would carry out the repair works under his policy; it wasn't his preference to receive a cash settlement in lieu of the works being carried out. So, taking everything into account I'm intending to uphold this complaint.*

*Admiral has already offered Mr W £200 to apologise for the confusion caused by the loss adjusters. However, I don't think that goes far enough to compensate him for the frustration and stress he's been caused by the way Admiral has settled his claim. I think Admiral should pay Mr W an additional £200 compensation for the distress and inconvenience he's suffered.*

*I'm therefore intending to uphold this complaint and make the awards detailed below. But before I do, I would like to address the second element of Mr W's claim regarding the deduction of two excesses.*

*Mr W was of the view that Admiral had deducted two excesses from the settlement amount: one for the building and one for the contents. However, when he queried this with Admiral he was told that only the £750 excess for the building work had been taken.*

*The certificate of insurance, in relation to the cause of the claim being an escape of water, shows a compulsory excess of £500 and a voluntary excess of £250, giving a total excess of £750. This may explain why Mr W thought he was being charged two excesses. However, the excess explanatory notes on the certificate of insurance explain that the compulsory excess applies to all claims and the voluntary excess is the excess the policyholder chose to include when taking out the cover. So, I don't think Admiral have done anything wrong in deducting an excess of £750 from the settlement amount.*

I concluded that Admiral should pay Mr W £850 on receipt of an invoice showing that he had paid that amount in redecorating the damaged part of the property, together with 8% simple interest and an additional £200 compensation for the distress and inconvenience he'd been caused by Admiral's handling of the claim.

I asked both parties to let me have any final comments or information they'd like me to consider before issuing my final decision, by Thursday 12 October 2023.

Mr W confirmed he had nothing further to add. Admiral didn't respond to the provisional 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.

As neither party have provided any additional comments or information for me to consider, I see no reason to depart from the conclusions set out in the provisional decision. So, for the reasons set out in the provisional decision and this final decision, I uphold this complaint.

## **Putting things right**

I require Admiral Insurance (Gibraltar) Limited to:

- Pay Mr W £850 to cover the cost of painting and decorating the part of his property that suffered damage, on receipt of an invoice from Mr W showing that he has paid these costs;
- Add interest to the £850 at 8%\* simple per year from the date Mr W paid for the work to be done, until the date it pays these awards; and
- Pay Mr W a further £200 compensation for the distress and inconvenience he's suffered as a result of the way the claim has been handled.

It should do this within 28 days of us telling it Mr W has accepted my final decision.

\* If Admiral considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

## **My final decision**

My final decision is that I uphold this complaint and require Admiral Insurance (Gibraltar) Limited to pay the awards detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 November 2023.

Carolyn Harwood  
**Ombudsman**