

The complaint

Mr G has complained about the service provided by Admiral Insurance (Gibraltar) Limited ('Admiral') under his home insurance policy following a water leak at his home.

For the avoidance of doubt, the term 'Admiral' includes its agents and contractors in this decision letter and 'Mr G' includes his claim handler acting on his behalf.

What happened

Mr G's property unfortunately suffered damage including a collapsed ceiling, following a leak due, as a water pipe in the loft had burst at the end of December 2022. The loss was discovered after Mr G had been away for a few days and the water was then isolated. Mr G reported the matter to Admiral in early January 2023, being his insurer at the relevant time.

Mr G was unhappy about the lack of Admiral's progress and updates throughout his claim, despite his claim handler chasing Admiral. Mr G said that he hadn't received payment for alternative accommodation or for the repairs carried out. Mr G complained to Admiral that this had caused emotional and financial strain. However, Admiral didn't alter its stance and Mr G referred his complaint to this service.

The relevant investigator upheld Mr G's complaint and considered that Admiral should pay compensation of £200 for the distress and inconvenience caused. She made the point that she could only review matters up to the date of complaint to the service and that any issues from July 2023 onwards would need to be referred by Mr G to Admiral in the first instance. The investigator said she couldn't tell Admiral to settle the costs of accommodation by a certain date and noted that the repair costs were in dispute. However, she did consider that Admiral had failed to address a request for an interim alternative accommodation payment for several months. She considered that the delays started in around May 2023, and that Admiral hadn't produced a scope of works until the end of June 2023. However, she considered that prior to this, the claim had been progressed in a reasonable way.

Mr G was unhappy with the outcome of his complaint. In the circumstances, his complaint was referred to me to make a final decision in my role as Ombudsman. In November 2023, I issued a provisional decision for this complaint and explained why I was minded to uphold Mr G's complaint as follows; -

'The insurance claim has been accepted by Admiral in principle. The issue for me to determine here is therefore whether Admiral has acted in a fair and reasonable manner in its handling of Mr G's claim up until the date of complaint to this service in July 2023. I don't consider that it has acted fairly and reasonably in all respects, and I partly uphold Mr G's complaint and provisionally award compensation of £500. I'll explain my reasoning for this decision. In reaching this provisional decision I've also considered the parties' submissions as summarised below.

I turn firstly to Mr G's submissions. He said that he'd submitted the relevant estimate for reinstatement of his property as well as invoices regarding the alternative accommodation he had to source. He said he hadn't received any form of response so far, despite repeated

emails and phone calls to Admiral by his claim handler. He said he was yet to see meaningful progress or resolution, and this had caused him significant inconvenience. Mr G said he'd been affected financially and emotionally. He wanted Admiral to pay the full amount of the estimate, as well as the full cost of his alternative accommodation.

Mr G's claim handler said they'd enquired about the completion timeline. As they didn't receive a response, Mr G had proceeded with the repairs. They felt that settlement should therefore be based on the estimate Mr G had obtained. They also felt that Admiral couldn't choose not to settle and ignore the matter indefinitely. Finally, Mr G's claim handler clarified that they'd only asked Admiral for an estimated date and time when they could potentially carry out the work. They said, 'This inquiry is standard practice in claims management, as insurers often deem our estimates to be high, propose a cash settlement, but then fail to proceed with the repairs when challenged.' They said they'd since received notification from Admiral that its contractor was unable to undertake the reinstatement work in any event.

I now turn to Admiral's submissions. It noted that Mr G had already moved into temporary alternative accommodation by early January 2023 and Mr G hadn't sought or received approval for this. Admiral noted that Mr G and his wife had rented a 4-bedroom house at the cost of £300 per night. Admiral considered that these costs appeared excessive. Its loss adjuster visited the insured property at the end of January 2023 and his view was that long-term accommodation wasn't warranted. However, it was necessary until the leak was fixed and the water supply reinstated. Admiral said that the water supply was duly reinstated at the end of January 2023. It would therefore only consider accommodation costs from end of December 2022 to end of January 2023, as the property would have been deemed uninhabitable under the policy during this period only. After this date, it thought that Mr G could have returned to his home as he wasn't without washing or cooking facilities.

Admiral has provided helpful case notes regarding the matter. These make it clear that Admiral was aware at the outset that the family was vulnerable. The notes record 'While they are doing their best to cope, they need the assurance that their claim will be processed quickly.' By mid-February 2023, the leak hadn't been rectified, the electrics still required inspection and a dehumidifier was needed. The notes also showed that at that point, there was no water at the property and ceiling debris needed clearing.

The notes also indicate that in mid-February 2023, Admiral informed Mr G's claim handler that it would require a plumber's report to confirm the cause of damage to confirm liability and to progress the claim. In mid-March, Admiral confirmed the property was dry and asked the claim handler 'with regards to the reinstatement works are you looking for our contractors to complete the works or a cash settlement?' It later confirmed that its contractors would have a long lead-in time. G's claim handler confirmed that Mr G wanted to use his own contractor. They also asked for an alternative accommodation interim payment due to the extreme vulnerability. 'This will enable them to meet their immediate financial obligations and alleviate some of the stress they are currently experiencing.' The notes also show that there had been attempts by Admiral to contact the claims handler by phone. At the end of March 2023, Admiral asked for alternative accommodation invoices. It appears that an estimate and alternative accommodation invoice was then sent by the claim handler by mid-April 2023 and a complaint followed shortly after this.

The claim handler made numerous requests for updates between the end of April and mid-May 2023. By May 2023, Admiral was reviewing the estimate and considered that some of the estimated costs weren't claim-related or required, that there was a lack of photographs, a breakdown, and professional report as to the works. In the circumstances, it considered it needed to produce its own scope of works and this was communicated to Mr G. Once it produced its scope, it considered the estimate to be high and said it would produce its own quote. Towards the end of May 2023, the claim handler argued that the property was still

uninhabitable due to an ongoing issue with the electrical system. They said every time Mr G attempted to turn on the electricity, it caused the circuit to trip, rendering the property unsafe and unfit for habitation. As for the 4-bedroom apartment, they said this was a comparable type of property to the insured property. They said that adequate space was also required to accommodate Mr G's grandchildren from time to time.

Finally, Admiral responded in early June 2023 to say that the scope of works was in the process of being put together. Also, a commitment was provided by Admiral a few days later that the alternative accommodation would be calculated on an 'Independent liability basis,' and a further holding response was sent by Admiral at the end of June 2023.

I've carefully considered all of the evidence, submissions and case notes here. The starting point is the wording of the policy itself as this forms the basis of the contractual agreement between the policyholder and insurer. It's clear from the policy booklet that damage caused by an escape of water is covered in principle by the policy. This is subject to the usual policy exclusions. The wording also makes it clear that it's in the insurer's discretion as to how it will settle the claim in terms of whether to repair or to make a cash settlement.

Turning to the question of alternative accommodation, the policy states that, 'If your home is not fit to be lived in due to loss or damage resulting from a buildings insured risk, we will pay the following - The reasonable cost of temporary accommodation for you, your family and your pets, while your home is being repaired...It also states that what is not covered is 'Any costs you agree without our permission [and] Any costs that arise once your home is fit to be lived in again.' A further note states, 'Important. By 'reasonable cost' we mean that the amount we pay for temporary accommodation will take account of all of the circumstances of the claim, including your needs, the length of time the temporary accommodation is needed for, and the cost of other suitable accommodation available locally.'

The first point to consider is the delay and manner of settling the claim by Admiral. It's noted that a cash settlement was offered by Admiral to Mr G shortly after his complaint to this service. It's not clear whether this offer has since been accepted. Unfortunately, I can only consider matters which arose before the date of this particular complaint. Having considered the case-notes, I'm not satisfied that Admiral acted in an unfair or unreasonable manner in considering the level of cash settlement. It had consulted with Mr G in mid-March 2023 as to his preference as to how work would proceed, and an estimate was then received from Mr G in April. The estimate that was considered to be inadequate and led to a review by Admiral and a decision in May 2023 that it would need to produce its own scope of work and costings. A scope of works for a project of this nature would need to be detailed and thorough.

In all the circumstances, and on a provisional basis. I can't say that the time taken in sourcing a scope of works and obtaining Admiral's own costings was unfair or unreasonable. The second point to consider is in relation to the cost of alternative accommodation. I note that Admiral stated that it hadn't authorised the alternative accommodation sourced by Mr G. In addition, it considered that such accommodation wouldn't have been required once the leak had been fixed and a water supply had been restored to the insured property. Whilst Mr G didn't comply with the terms of the policy by seeking agreement from Admiral, as the incident occurred over the new year 2022/2023, it's understandable that seeking prior consent from Admiral may not have been straightforward. There is also no evidence that Admiral provided assistance or advice to Mr G over the following weeks about sourcing accommodation which it may have considered to be more reasonable and affordable.

Nevertheless, I consider that it was reasonable for Admiral to request sight of an invoice in relation to alternative accommodation before making any payments, and I note that an invoice wasn't received until mid-April 2023. Following this, I note that the claim handler

repeatedly requested interim payments and that Admiral hadn't provided a definitive response and was reviewing the position. Due to the wording of the policy in relation to alternative accommodation, I can't say that it was wholly unreasonable for Admiral to wish to carefully review the invoice and it appears that the costs were extremely high. I also can't say it was unreasonable for it to review the period which it would be prepared to cover, particularly in the light of Mr G's persuasive argument that the property remained uninhabitable whilst electrical issues presented a safety risk.

In all the circumstances, I would have expected Admiral to have reached a definitive position in relation to the costs of alternative accommodation much sooner. Unfortunately, I can only consider the question of whether this process should have occurred between mid-April and early July 2023. Whilst I appreciate that there had been on-going discussion and review, I consider that Admiral had been responsible for avoidable delays this process over a period of some weeks. Indeed, if Admiral concludes that an alternative accommodation payment was due, then I consider that it should have made an interim payment during that period. The delay in communicating its position will no doubt have caused Mr G considerable uncertainty and on-going worry.

On a provisional basis, I therefore consider that moderate compensation for this process delay would be appropriate, particularly in view of the known vulnerabilities in this case. On a provisional basis, I consider that Admiral should pay Mr G £500 in compensation. This reflects the service's guidance in relation to distress and inconvenience caused over a period of weeks by avoidable service delays.

Finally, I would clarify that this provisional decision relates only to the period of complaint up to July 2023. Any on-going dispute regarding the level of settlement would be a matter for separate complaint to Admiral in the first instance.'

In my provisional decision, I asked both Admiral and Mr G if they had any further comments or evidence that they would like me to consider before I made 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.

Mr G accepted the provisional decision and didn't provide any further submissions or evidence and Admiral didn't respond to this service in relation to the provisional decision.

In all the circumstances, I've concluded that the provisional decision to partly uphold Mr G's complaint provides a fair and reasonable outcome to the matter.

My final decision

For the reasons given above, I uphold Mr G's complaint and to require Admiral Insurance (Gibraltar) Limited to pay £500 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 January 2024.

Claire Jones
Ombudsman