

The complaint

Mr P complains that AXA Insurance UK Plc charged him an excess payment on a claim under his landlord's insurance that didn't go ahead, and that costs have been forced upon him.

What happened

Mr P said in August 2019 his tenant told him there was a leak in his flat that might be coming from the flat above. Mr P investigated and said he was pushed by the building management company to claim, which he did via the broker. Mr P said it then appeared the leak was from within his flat. He said the broker said he would still be covered and should use a named specialist drying company and pay his £250 excess to them, following which the insurance would cover the repairs.

Mr P said he told the broker he was reluctant to arrange drying as he wasn't completely certain where the water was coming from, but thought it was likely to be steam from his boiler. He said the broker insisted he use the drying company to detect the leak. Mr P said that he was given to understand that this would lead to the insurer covering the drying out and repairs.

Mr P said he told the drying company the problem was to do with the boiler, but they carried out checks and then reported the problem as condensation from the boiler – and his claim was declined. Mr P said he reluctantly accepted that his claim was invalid, but was very unhappy he had been pushed to pay the £250 excess to find out what he already knew, and then didn't receive the drying out and repairs.

Mr P said AXA told him it would respond to his complaint, but hadn't done so. AXA sent its final response to Mr P's complaint on 23 October 2019. AXA said it instructed the drying company to detect the leak and this was accepted by Mr P. It said this determined that the damage was from boiler condensation. It said this damage occurred over a period of time rather than as a one-off incident and is excluded by the policy. AXA also said that as the leak wasn't from a fixed water apparatus the claim and costs incurred by the drying company weren't covered. But it said Mr P should pay just his excess and it would cover the rest of the drying company's bill.

Our investigator didn't recommend that the complaint be upheld. He said there was nothing to show AXA had forced the drying company on Mr P and its offer to detect the leak was accepted by Mr P and the broker and his claim had been correctly declined.

Mr P disagreed with the investigator saying he'd been inaccurate about the leak, and that AXA hadn't responded to his complaint. He requested an ombudsman review his complaint.

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've looked closely at AXA's handling of Mr P's claim to see if it treated him fairly and in line with the terms of his policy.

When AXA received Mr P's claim, it understood that the damage was due to a leak from the shower in the flat above, and that this had been isolated so no further damage would occur. AXA was told that Mr P's flat was saturated and so it appointed the drying company to dry out the property. It then appears that Mr P became aware that there was no leak but more likely a boiler problem within his own flat. AXA responded by offering the drying company's services to detect the leak, and this is what we would expect an insurer to do in circumstances where there was some doubt that the problem had been resolved.

When the drying company arrived to detect the leak Mr P said he was certain the problem was his boiler. Perhaps, under a misapprehension about the claims process, Mr P then allowed the drying company to report on the source of the damage. Unfortunately, the source of the damage isn't covered by Mr P's policy and so he had to meet the cost of his excess without then receiving repairs. This is a risk that policyholders take when making a claim that turns out not to be covered.

From the records provided to our service I haven't seen anything to indicate that Mr P was forced by AXA to make the claim or accept the drying company's services. It appears that in response to the claim AXA advised it could assist with leak detection and received Mr P's authority for this via the broker. There is no record of any objection made by Mr P to what took place.

I haven't found that AXA treated Mr P unfairly in its handling of his claim or in its use of the specialist drying company. Since AXA incurred costs from the drying company over the amount of Mr P's excess and has fairly declined his claim, it's reasonable for AXA to require Mr P to pay the policy excess.

If Mr P feels that he received incorrect advice about his claim from the broker, he may be able to bring a separate complaint about this business.

My final decision

For the reasons I have given above it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 August 2020.

Andrew Fraser
Ombudsman