

The complaint

Mr R complains that AXA Insurance UK Plc has treated him unfairly when handling a claim made on his landlord's buildings insurance policy.

What happened

The background to this complaint is well known to both AXA and Mr R. It has been ongoing for a number of years and I don't intend to list in detail everything that has happened. But in summary:

- Mr R discovered an escape of water at his rental property in April 2019. He says it was a burst mains water supply and the kitchen was like a fountain when first discovered. He instructed a local emergency plumber to identify and stop the water leak. A temporary cold-water feed/tap was connected and all other water sources in the property were disconnected at this point.
- Mr R says damaged occurred to most of the downstairs of the property and strip out works were completed. This included the removal of the kitchen as well as the plaster from all walls – he said the level of damage combined with the age of the plaster meant it all needed taking back instead of just removing the lower level plaster.
- Mr R notified AXA of his claim 10 April 2019. He provided a tenancy extension agreement so show the property had not been vacant for more than 30 days when the leak was discovered and asked that AXA pay his claim for damage. AXA visited the property on 16 April 2019 and completed an initial assessment of the damage and proposed schedule of works (SOW) together with an estimate for drying time.
- Mr R was provided with AXA's SOW and given a blank template to allow him to seek quotes from local tradesman to complete the repair. Mr R questioned if all the work he expected to be completed was included in AXA's SOW. He said he couldn't see it had covered the kitchen wall units, the tiled floor or confirmed if all the damaged laminate and skirting in the lounge would be covered. He agreed to provide 2 quotes from his own tradesman for a comparison.
- Unfortunately Mr R became unwell and was unable to provide the details of his quotes until October 2019. The estimated cost and work needed on both quotes was considerably higher than AXA's.
- IN January 2020, AXA had questions over the level of strip out works completed and asked that Mr R provide evidence from the plumber that visited the site when the damage was first noted to confirm both the cause of damage and why the work that was carried out was needed.
- In February 2020, Mr R provided confirmation from the plumber that visited the property when the leak was discovered which said this was for an escape of water. No information about the extent of damage was really provided and AXA still had question about this to validate the claim.

- In November 2020, AXA closed Mr R's claim. It had been waiting on further information to help validate the claim and when this wasn't provided the claim was closed. Mr R chased AXA for an update on the claim in September 2021 and it was reopened at this point. AXA asked for more information again at this point, repeating previous requests to help it validate the claim.
- Mr R complained to AXA about its handling of the claim. It agreed it could have done things differently and apologised for this but took no further steps. The complaint was brought to this service and our investigator felt AXA had added delays to the claim process and Mr R had lost out as a result. He asked that it pay Mr R £500 compensation for the distress and inconvenience caused and the rent he would have been paid from May 2019 until October 2021 when AXA first issued its final response. He also asked that it consider Mr R's claim fairly with further evidence to be provided by Mr R, including information about any deterioration in the state of the property since the claim was first raised and evidence to support the level of damage prior to the strip out of the property.
- AXA has continued to try and progress the claim but said it has been unable to get information needed from Mr R. It hasn't confirmed if it agrees with the recommendations of our investigator but highlighted it will only be able to validate the claim if Mr R provides the information it needs.
- Mr R accepted the outcome proposed and highlighted again the impact this claim and complaint has had on his health.

Because AXA has not confirmed it agrees with our investigators proposed outcome, the complaint has been passed to me for decision.

I issued my provisional decision on this complaint on 2 September 2022. I explained I was planning on upholding the complaint but that I thought the award made by our investigator needed to be amended. I said the following:

I agree that there have been large periods of time during the handling of this claim where it appears AXA could have done more. And when it has failed to do so, it has added delay to a claim that had already been impacted by Mr R's health. But I don't think it is reasonable to believe that AXA should have done more during the initial six months that the claim was raised.

It isn't unreasonable to expect a claimant to show proof of loss or confirm what they feel the damage is. AXA clearly recognised Mr R's health in its correspondence when looking for an update on the SOW. I think it showed understanding here but that it wanted to get the claim resolved as soon as possible. At this point it was Mr R who was contesting the work included on the schedule and without this being proven, I think AXA could have explained that in the absence of this, it might have needed to make a claim decision based on what had been provided.

Instead though AXA continued to chase for the SOW which were provided in October 2019. It wasn't until after the quotes had been returned that AXA had additional questions. It is fair to expect some questions to validate the claim, but I think it is reasonable to expect that it would have sought confirmation of the cause of damage sooner. This is the first question to identify if the damage is caused by an insured event.

This wasn't questioned until January 2020 and Mr R provided confirmation of the reason for the damage in February 2020. AXA then continued with its previous questions to identify the level of damage and reasoning for the strip out of the kitchen pre the claim notification. But it

failed to give an answer on the claim and closed this down in November 2020, after Mr R had not responded to its request for information.

I understand why AXA felt it needed more information to understand the value of the damage and the claim. And Mr R needed to provide this information. But as with the initial delays in the SOW's being provided, Mr R had been unwell again and I think AXA could have let him know, that it would make a decision in the absence of anything else if this wasn't provided.

The claim wasn't re-opened again until September 2021. Although I think Mr R could have chased the progress of the claim sooner, it is clear he has continued to struggle with his health and the delays in him doing this are understandable. I can't see that AXA gave a clear claims decision to Mr R in November 2020 or that he would have had knowledge the claim wasn't progressing from this point and he was left waiting and expecting the claim to be progressed without it having any prospect of this happening. This has clearly added delays to the complaint.

As I've said, I accept that Mr R needs to do more on this claim too. To date he hasn't provided anything to substantiate the pre-loss condition of the property or anything to show that the damage caused resulted in it and all appliances needing to be stripped out. Mr R will need, as requested by AXA a number of times, to provide this information. If it can't be provided, I think AXA will need to make a decision on the claim based on what it has been provided previously. If Mr R is unhappy with the claim decision, he can bring a further complaint about this – at this point, there is no claim decision made.

Although I accept Mr R needs to do more, I don't think this alone explains the significant amount of time that this claim has continued for. AXA has accepted that the cause of damage is an escape of water and don't see any doubt that it is something covered by Mr R's policy. It is only the value of the claim currently disputed with the validation of the damage and pre-loss condition that needs confirming. So once validated, I think AXA will likely need to consider the missed rent payments in line with the policy limits. However, I don't think it is fair that it does this in line with our investigator's assessment.

Our investigator, in short said that AXA was responsible for all of the delays so it is fair this covers the lost rent resulting from the property not being in a lettable condition. As I've explained above, I think it is more a case of six of one and half a dozen of the other when thinking about what has led this claim to be unresolved for the time it has. Mr R has been asked a number of times to provide information to allow AXA to validate his claim. He hasn't and although AXA could have chased this and should have notified him the claim was no longer open, Mr R didn't chase either. And I think he knew what he needed to provide to have the claim progressed. So with this in mind, I don't think it is fair to expect AXA to cover all lost rent payments while the claim has been ongoing.

As I've said, it feels like both AXA and Mr R have caused delays on this claim. With this in mind, I think it is fair that AXA cover 50% of the lost rental income from May 2019 until October 2021.

I also think it's right that AXA recognises the impact its had on Mr R when it's failed to make a claim decision promptly and so I agree, AXA should also pay Mr R £500 in recognition of this.

AXA responded to say it accepted my decision.

Mr R responded to say he disagreed and didn't believe the change in proposed redress was fair. He explained when the house was first inspected by AXA's loss adjuster it hadn't been

stripped out. He also says he provided details of the plumbers who attended the property on the day of the flood and that he sent photos of the damage to AXA.

He said the impact of this claim has been significant on him and he has been extremely unwell throughout the time it has been ongoing. He thinks AXA has caused the delays in the handling of his claim and he's had seven different claims handlers appointed over the time of the claim. He's made dozens of phone calls and sent numerous emails to chase the progress of the claim but this hasn't helped to move things forward. He relies on the income from the property and not having this has caused huge stress. He doesn't think the outcome proposed is fair and has highlighted that in addition to everything else, the reinstatement costs for his property will have likely increased by more than 40% since this claim was first logged.

Mr R has asked that all of the lost rent is paid from April 2019 until September 2022, that the quotes for his building contractor are paid directly to him and that £5000.00 is paid for the distress and inconvenience of the matter.

The complaint has been passed back to me for 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.

I've reconsidered the evidence on this complaint and thought about the additional information provided by Mr R in response to my provisional decision. Having done so, I see no reason to depart from my provisional decision.

Mr R has said when AXA's loss adjuster visited the property on 16 April the property had been untouched since the escape of water and he showed the adjuster evidence that the electrical appliances were beyond economical repair. But having looked at the report completed on this day; the photos show the house to have already been stripped out. I see no reason to doubt the information within the report completed that day and believe that when AXA was first able to see the property, the strip out had already taken place.

I'm sorry that Mr R has been so unwell over the time of this claim and I understand he is still unwell now. But I don't think it is fair to attribute this to the claim itself. While it will be stressful and there have been delays added, I don't think Mr R has shown that he provided the information he's needed to allow AXA to progress the claim and at times delays have been added by his actions.

The claim hasn't been decided yet and any increase in costs to the claim for the reinstatement will be considered by AXA when this decision is made. So although I note Mr R's comments on the increased costs to building materials over the time of this claim, it has no impact on my proposed outcome.

I remain satisfied that the proposed redress for lost rent is fair and reasonable and that £500 to recognise the impact of the distress and inconvenience on Mr R is fair.

So for the reasons set out in findings included within the background to this complaint, I uphold Mr R's complaint.

Putting things right

AXA Insurance UK Plc needs to do the following to put things right.

- Pay Mr R 50% of the lost rent for his property from May 2019 until October 2021 – taking account of the applicable policy limits.
- Pay Mr R £500 for the distress and inconvenience caused with the handling of this complaint.
- Progress the claim and give a decision on the claim outcome. If Mr R fails to provide any further evidence to support his claim, it should base its decision on the information provided. It should consider whether a further payment for lost rent is due when considering the claim.

My final decision

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 28 October 2022.

Thomas Brissenden
Ombudsman