

The complaint

Miss D and Mr H complain about how AXA Insurance UK Plc handled their claim on their landlord's insurance policy.

What happened

Miss D and Mr H had a landlord's insurance policy with AXA. In March 2021 their tenants moved out and they started renovations on the property. In April they found there had been a leak from the upstairs bathroom that had rotted the joists in the kitchen. Miss D and Mr H installed an acrow prop to ensure the property's stability and made a claim on the insurance.

The claim was accepted but it took a long time to settle. To begin with AXA offered a cash settlement but later agreed to carry out the work. It initially carried out repairs but these needed to be re-done as they were of a poor standard. The claim was eventually resolved in October 2021 and the property was re-let the following month.

During the claim Miss D and Mr H made a number of complaints. They said the claim had taken far longer than it should have to resolve and they'd lost rental income because of this. They were also unhappy with the level of updates and communication from AXA.

AXA offered a total of £900 compensation across three complaints. However it said as there were no tenants in situ when the claim was raised, and the property wasn't uninhabitable, loss of rent wouldn't be covered.

Miss D and Mr H weren't happy with this, they said the repair should have only taken a few weeks and if it had, they'd have been able to rent out the property much sooner. They said because of this they'd lost out on rental income they should have received and had to pay council tax during that time. They also said there were a number of items that should have been covered in the claim but weren't, such as a broken fridge and the cost of the acrow prop. They brought their complaint to this service.

Our investigator considered the issues and recommended the complaint be upheld. She said AXA had accepted the repair should only have taken a few weeks and therefore concluded Miss D and Mr H had suffered a financial loss by the delay that had been caused. She said AXA should pay loss of rent between May 2021 and October 2021. She also thought it should consider their claim for the fridge and pay costs for the rental of the acrow prop.

Miss D and Mr H accepted our investigator's outcome. However AXA didn't. It didn't agree loss of rent should be covered as the property wasn't uninhabitable and could have been marketed to tenants. And it said it hadn't had costs presented for the fridge or acrow prop but would consider these as part of the claim if they were presented.

As agreement hasn't been reached, the complaint has been passed to me to decide.

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.

Loss of rent

There is no dispute that this claim has been dealt with poorly and delays have been caused. AXA has said that the repairs should only have taken a few weeks and has accepted its provided poor service and compensated Miss D and Mr H £900 for this.

While I agree that the cover for loss of rent under the policy wouldn't apply, as the property wasn't uninhabitable, this service also considers the financial impact of a business' errors, as well as policy cover.

Here, it seems quite clear that Miss D and Mr H have lost out financially due to the length of time this claim has taken to resolve. Their intention was to re-let the property once renovations took place. And they've demonstrated this by reletting at the start of November. Further, it took them under a month from the date they advertised the property until the date the next tenancy began. So I'm persuaded that they would have been able to let it out in good time, if the repairs had been carried out as they should.

The claim was made at the start of April 2021. And if AXA had instructed contractors straight away, rather than declining to do so in the first instance, it is by its own admission that the work would have taken a few weeks to complete. So I think it's reasonable to say this would have been completed within a month. I'd then allow time for the property to be re-let. So I think it's reasonable to say Miss D and Mr H would have been unable to rent the property for two months, had the claim been dealt with correctly. I therefore agree with our investigator that loss of rent should be paid for the five months from the end of May 2021 until the repairs were completed at the end of October 2021.

Miss D and Mr H have also had to pay council tax during that time, which they wouldn't have paid for if they'd been able to let the property. So I agree this is another loss they have suffered due to the delays and poor workmanship. I therefore agree AXA should also pay five months of council tax for the period.

As Miss D and Mr H have been without these funds, AXA should also pay 8% simple interest on the amounts from when they were paid until it pays the settlement to make up for this time.

I note Miss D and Mr H have reported that since AXA addressed this complaint, there have been further problems with the repairs. However I am only considering up until October 2021 in this complaint, any further issues will be addressed as part of a separate complaint.

Compensation

AXA has accepted it caused delays to the claim and that it provided poor service, including poor work by its contractors that meant repairs needed to be re-done. I've calculated the delay to have been around five months during the period I am reviewing for this complaint. AXA has offered £900 compensation for this delay and poor service and I consider this to be fair in the circumstances. So I won't ask it to pay any further compensation.

Fridge and acrow prop

AXA has agreed to consider a claim for Miss D and Mr H's fridge freezer in line with the policy terms, once the relevant information is received. As I've not seen that this has been submitted previously, I think this is fair.

Regarding the acrow prop, it was noted at the start of the claim that Miss D and Mr H had hired this in order to ensure the property remained stable. As part of a claim, insurers would expect their customers to try and mitigate any further losses. And I'm satisfied this is what Miss D and Mr H were trying to do by fitting the prop. I therefore agree with our investigator that they've done enough to show a valid claim and AXA should reimburse them for the rental of the prop, plus 8% interest for the time they've been without the funds.

My final decision

For the reasons I've given, I uphold Miss D and Mr H's complaint and direct AXA Insurance UK Plc to:

- Pay loss of rent at the rate the tenants who departed in March 2021 were paying, for the five months from May 2021 to October 2021.
- Pay 8% simple interest on each amount from the date it would have been received until the date settlement is paid.
- Reimburse Miss D and Mr H for council tax they were liable for during this period.
- Pay 8% interest on any council tax payments made from the date they were paid until settlement is paid.
- Reimburse Miss D and Mr H for the rental of the prop used to support the rotten joist on receipt of an invoice for the amount paid.
- Pay 8% interest on this amount from the date it was paid for until the date settlement is paid.
- Consider a claim for Miss D and Mr H's fridge freezer, on receipt of the relevant information provided by them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D and Mr H to accept or reject my decision before 17 September 2022.

Sophie Goodyear
Ombudsman