

The complaint

Mr and Mrs T complain AXA Insurance UK Plc caused delays and provided poor service following a claim on their commercial insurance policy.

What happened

Mr and Mrs T own a commercial property which they let to a retailer. In April 2021, a car drove into the front of the property. Mr and Mrs T made a claim for the damage. AXA appointed a third-party to handle the claim, who visited the property a few days later.

To summarise, Mr and Mrs T were unhappy with the delays and service that followed. They say the claim took ten months to complete, and during that time their tenant was unable to trade. They say they were forced to give their tenant a £2,500 rent reduction.

AXA accepted it had caused delays and it paid Mr and Mrs T £375 compensation. However, in respect of the £2,500, AXA noted there was no 'loss of rent' cover on their policy.

Mr and Mrs T brought their complaint to our service. One of our investigators thought the compensation should be increased from £375 to £575. AXA accepted our investigator's recommendation. Because Mr and Mrs T remained unhappy, their 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.

Mr and Mrs T made the claim on 23 April 2021, and AXA authorised one of their quotes for the permanent repairs on 17 September 2021. Whilst I accept the works may have taken time to complete, AXA can only reasonably be held responsible for the five-month period between April and September. Furthermore, AXA authorised temporary repairs on 26 August 2021, so the tenant could continue trading.

Nonetheless, I've seen there were several issues with the handling of the claim, including an inappropriate repair scope by AXA's appointed third-party, general delays, and Mr T having to do lots of chasing. AXA's file also confirms its frustration with its appointment third-party, which it removed from the claim in September 2021.

It's not disputed the claim wasn't handled as well as it should have been. So, what I need to decide here, is what fair compensation is. As explained above, the period in question is five months. However, scoping the repair and authorising repair costs would have always taken some time. So, overall, I consider it reasonable to hold AXA responsible for three to four months of avoidable delay.

I can understand why Mr and Mrs T offered their tenant a rent reduction. However, I haven't seen that was something they had to do, and I consider it likely they could have explored temporary repairs sooner as an alternative. I also note 'loss of rent' cover was available under the policy, but this option wasn't taken out. So, overall, I'm not persuaded I can reasonably direct AXA to reimburse Mr and Mrs T's £2,500.

I'm sorry to disappoint Mr and Mrs T, but for the service issues and delays I've described, £575 compensation is in-line with our approach. I haven't seen any circumstances that would lead me to increase the award further.

My final decision

For the reasons I've set out above, I uphold this complaint.

My final decision is AXA Insurance UK Plc should pay Mr and Mrs T a further £200 compensation (so, £575 should be paid in total).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs T to accept or reject my decision before 11 August 2022.

Vince Martin
Ombudsman