

The complaint

Miss L and Mr V complain about their insurer, AXA Insurance UK Plc (AXA). Their complaint is about how AXA handled a claim under their home insurance policy for damage to their property from a burst pipe.

AXA use agents to administer the policy. Reference to AXA includes these agents. This decision only covers those aspects of complaint up to AXA's final response to Miss L and Mr V's complaint to them. It doesn't cover other issues not included in AXA's final response (such as the costs incurred by Miss L and Mr V engaging their own loss adjuster, as well as other costs).

What happened

In November 2021 Miss L and Mr V returned home from work to find a bathroom pipe had burst, causing damage to their property. They contacted AXA the following day to make a claim for the damage. AXA appointed a surveyor (B) who inspected the damage a few days later. B took a sample of the underfloor tiles to check for asbestos, which was subsequently confirmed. B told Miss L and Mr V they'd arrange for the reinstatement work to be carried out or offer a cash settlement for Miss L and Mr V to arrange for the work to be carried out. B also said a separate contents team would assess the damage to furniture and other items.

Having not heard anything more, Miss L and Mr V chased AXA over the following weeks. They were told by the contents team it would be easier if they supplied a list of damaged furniture and other items, which they sent later that month. Having contacted the Contents Team to follow up, Miss L and Mr V were told the list was with B for approval. Anxious for confirmation of when the reinstatement work would begin and living in a damaged property (with potential asbestos exposure) Miss L and Mr V contacted AXA to complain about the delay. They also appointed their own loss adjuster to assist them, which subsequently led to an agreed settlement for the damaged contents and (sometime later) a settlement for the reinstatement of the property.

AXA partially upheld the complaint. In their final response they said attempts were made to progress the claim, but there had been a lack of response to Miss L and Mr V's emails and updates. This added to their frustration at the incident. In recognition of the inconvenience caused to Miss L and Mr V, AXA paid £150 in compensation and an additional £25 goodwill gesture for not responding to their concerns in a timely way.

Miss L and Mr V then complained to this service. They felt AXA's payment for compensation and goodwill wasn't enough to cover what they'd paid out for their loss adjuster and other services and for the unnecessary stress they'd suffered. As well as having to remain in their property in its damaged condition.

Our investigator didn't uphold the complaint, concluding AXA didn't need to do anything further (with particular focus on the issue of delays in AXA assessing and progressing the complaint). He concluded there had been a failure on the part of AXA (including their agents) to keep Miss L and Mr V informed during the claim. He also thought there had been an unnecessary delay in agreeing a settlement for the damaged contents, due to a

communication error between AXA and their contractors. While acknowledging the delays would have caused trouble and upset to Miss L and Mr V, the investigator thought AXA's award of £150 compensation was fair and reasonable.

Miss L and Mr V disagreed with the investigator's conclusions and requested an ombudsman review the complaint. They said that while they'd received their contents settlement, they were still awaiting their buildings settlement and had to begin some work on their property (some five months after the incident).

In my findings, while I broadly agreed with our investigator's conclusions, I thought AXA should pay a higher amount of compensation than they'd awarded (£150). Given the unnecessary delays in progressing the claim and Miss L and Mr V consequently having to remain in their damaged property for longer, I didn't think £150 was sufficient. Taking all these points into account, I thought £300 would be fair and reasonable.

Because I disagreed with the investigator's conclusion on the level of compensation for distress and inconvenience, I issued a provisional decision to give both parties the opportunity to consider matters further. This is set out below.

What I've provisionally decided – and why

I've considered the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My role here is to decide whether AXA has acted fairly towards Miss L and Mr V.

The key issues in Miss L and Mr V's complaint are, firstly, the delays in AXA assessing their claim for the damage from the burst pipe. The second issue is how AXA have handled the claim, including how they've responded to Miss L and Mr V when they've contacted them to see what progress has been made and when they've provided updates. In considering both issues, I've looked at what happened up to, and including, AXA's final response in February 2022. As set out earlier, I've not considered issues after this date or those issues not covered in AXA's final response.

On the first issue, looking at the timeline of events, AXA initially responded quickly to Miss L and Mr V reporting the burst pipe. B's surveyor visited the property to assess the damage within four days of the incident being reported. B's report sets out the extent of the damage caused by the burst pipe, extending to the whole of the property (a ground floor maisonette). B also identified a potential issue (subsequently confirmed) with the presence of asbestos that would require specialist work to address.

While the initial response is what I'd have expected, the subsequent handling of the claim falls short of the standard I'd expect. AXA say attempts were made to progress the claim, but acknowledge issues in their final response, awarding £150 compensation (and a further £25 as a goodwill gesture).

However, looking at the timeline of events described by Miss L and Mr V, together with AXA's case notes, it's clear there were delays in assessing – in particular – the contents claim and reaching a settlement. While there was an initial misunderstanding about what was going to happen, Miss L and Mr V provided a schedule of damaged items towards the end of November 2021. However, a settlement wasn't authorised until towards the end of February 2022. There were some communication issues between AXA and their agents and contractors, and AXA's case notes acknowledge unnecessary delays due to poor handling and understanding of processes by AXA's contractors. While claims do need time to be assessed and validated, I've concluded the process took longer than it should have done.

As well as causing frustration and stress to Miss L and Mr V, it also appears this affected the buildings settlement and associated reinstatement work. That's because the damaged contents couldn't be removed until the settlement had been agreed, which in turn meant delays in the stripping out of the property (and the specialist removal of the asbestos) which would have delayed the reinstatement work. This meant Miss L and Mr V had to remain in the damaged property for longer than they otherwise would have done. That would have been stressful for them, particularly given the damage appears to have affected most (if not all) of their property and their concerns about the presence of asbestos.

On the second issue, AXA have accepted they didn't respond to their concerns in a timely way. They also acknowledge delays in communication and lack of updates to Miss L and Mr V. Looking at the exchanges between them and Miss L and Mr V and AXA's case notes, I agree that's the case. While complaint handling isn't a regulated activity that falls within the remit of this service (unless relevant to the complaint issues) I think it's reasonable for AXA to recognise this through a goodwill gesture (£25).

Miss L and Mr V, when making their complaint to this service, pointed to additional costs and fees they've incurred following the incident. They've appointed their own loss adjuster and I've seen evidence of other costs associated with the incident and the claim. While these aren't (as set out above) covered by this decision, I'd expect AXA to consider them as part of their assessment of the claim.

Having reached these conclusions, I've considered what AXA need to do to put things right. AXA paid Miss L and Mr V £150 in compensation to recognise the inconvenience caused to Miss L and Mr V. However, given the points I've made above about the unnecessary delays in progressing the claim and Miss L and Mr V consequently having to remain in their damaged property for longer, I don't think this is sufficient. Taking all these points into account, I think £300 for distress and inconvenience would be fair and reasonable.

My provisional decision

For the reasons set out above, it's my provisional decision to uphold Miss L and Mr V's complaint. I intend to require AXA Insurance UK Plc to:

- Pay Miss L and Mr V £300 for distress and inconvenience.*

Miss L and Mr V responded to say they appreciated this service looking at their complaint and that the provisional decision upheld their complaint. They also said that while AXA had issued a settlement, they were concerned at being out of pocket for the costs they'd incurred for their loss adjuster (which they said they'd had to engage due to what they felt was a lack of urgency or communication from AXA). They provided copies of two invoices from their loss adjuster, which they wanted AXA to settle (in addition to the £300 compensation for distress and inconvenience).

They also said they'd had to cancel elements of their wedding to pay for works on their property, which they thought should have been covered by AXA's settlement.

AXA responded to say they agreed with the outcome in the provisional decision. They also requested the final decision made it clear whether the proposed £300 in compensation for distress and inconvenience was a total amount (including the £150 they'd already paid) or an additional amount to the £150 they'd paid.

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.

My role here is to decide whether AXA have acted fairly towards Miss L and Mr V.

Taking AXA's response first, I can confirm that the intention of my provisional decision was that they should pay a total £300 in compensation for distress and inconvenience. So, if AXA have already paid £150 in compensation, they should pay an additional £150.

On the points raised by Miss L and Mr V, my provisional decision made it clear the decision only covered those aspects of complaint up to AXA's final response to Miss L and Mr V's complaint to them. It didn't cover other issues not included in AXA's final response (such as the costs incurred by Miss L and Mr V engaging their own loss adjuster, as well as other costs). But the provisional decision went on to note that while these costs weren't covered by this decision, I'd expect AXA to consider them as part of their assessment of the claim. So, I'd expect AXA to do so and engage with Miss L and Mr V. If Miss L and Mr V were to be unhappy with the outcome of that process, they could make a further complaint (to AXA, in the first instance).

Taking these points together, the conclusions set out in my provisional decision haven't changed, so my final decision is the same as my provisional decision.

My final decision

For the reasons set out above, it's my final decision to uphold Miss L and Mr V's complaint. I require AXA Insurance UK Plc to:

- Pay Miss L and Mr V a total of £300 for distress and inconvenience (that is, an additional £150 on top of the £150 they've already paid).

AXA Insurance UK Plc must pay the compensation within 28 days of the date on which we tell them Miss L and Mr V accept my final decision. If they pay later than this, they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L and Mr V to accept or reject my decision before 9 September 2022.

Paul King
Ombudsman