

The complaint

Miss B and Mr L complain about AXA Insurance UK Limited (AXA) handling and the settling of their claim, under their home insurance policy.

For simplicity, throughout this decision I may refer to AXA and anyone acting on their behalf as “AXA”.

What happened

Miss B and Mr L reported a leak at their home with AXA. A trace and access were conducted to find the source of the leak, but this couldn't be found. So, AXA instructed a surveyor to carry out an inspection. AXA accepted the claim and from the claim notes, AXA said it was waiting for quotes from Miss B and Mr L, before settling the claim. But when AXA hadn't heard anything from Miss B or Mr L, it closed the claim.

A few weeks later, Miss B contacted AXA as the leak reappeared and was now causing damage to kitchen units. Miss B contacted AXA's surveyors to inspect the damage to the units. Miss B said that the surveyors declined to inspect the damage and asked for photographs instead.

Miss B and Mr L said that they provided photographs of the damage and also obtained quotations for the work. Miss B informed AXA that the kitchen units would need to be removed for the damage to be fully assessed. Miss B also told AXA that she would need to re-order the units given the time of year (Christmas) and the production constraints. AXA said that it did not give Miss B or Mr L authority to order the units. It did confirm that it believed that the units were to be removed. Nonetheless, Miss B and Mr L ordered and paid a deposit for the replacement units but did not initially install them.

In November 2018, AXA left a voicemail message providing a settlement figure of £2,800. Miss B asked AXA to provide the information in writing including a breakdown as to how it arrived at the £2,800 figure, which was significantly less than the quotes that she had obtained.

AXA explained to Miss B and Mr L that it believed that the labour costs quoted, were excessive. It also said that it would only be providing a 50% contribution for the painting of the undamaged units. It confirmed that it would send Miss B and Mr L an updated scope of works (SOW) that reflected the 50% painting contribution to the undamaged units. This review was completed by AXA and an amended SOW and a settlement figure of £4,027.45 was provided.

Miss B and Mr L contacted AXA to obtain a breakdown of these costs. They explained that AXA didn't respond to these requests and so they instructed a private surveyor to assess the damage and provide a settlement figure. This report was sent to AXA for consideration.

Miss B and Mr L said that due to the delay (around 18 months had passed since their previous contact with AXA), they had to get some of the repairs completed. And because of the private surveyor's report, as well as the indication from Miss B and Mr L that most of the works had been completed, AXA chose to send a surveyor to re-inspect.

AXA's surveyor provided a report and new SOW. This report concluded that there was no evidence that the kitchen units had been damaged, and because of this, no cover would be provided. A new settlement figure of £858.95 was then offered less the excess of £350. Miss B and Mr L complained to AXA.

In its final response, it said that as they hadn't followed the correct claims process, which was that all invoices should have been agreed by them prior to any works having been carried out, and this was not done, the settlement offered was fair. It did agree that there had been some delay during the claim process and for this it offered a total of £150 compensation, for the trouble and upset caused.

Miss B and Mr L were given their referral rights and referred a complaint to our service. One of our investigators considered the complaint and thought it should be upheld. He said that he didn't think that the assessment presented by AXA in the final response letter was accurate. He felt that Miss B and Mr L did everything asked of them and it was only out of desperation, 18 months into the claim when nothing whatsoever had been done by AXA, that they had the work completed.

He concluded that Miss L and Mr B had a poor experience during the claims process due to lack of communication, avoidable delays, poor customer service issues, including closing the claim without consent or agreement. He recommended AXA reimburse the costs of the repairs of £5,819. In addition, he recommended that AXA should pay a further £200 making a total of £350 compensation for the trouble and upset caused.

Miss B and Mr L accepted the view, AXA did not. It said that the level of criticism aimed at AXA for the handling of this claim was unfair. It said that Miss B and Mr L didn't follow the correct claims processes and caused delay. It said that in the time between the claim being closed to the customers coming back to AXA was almost two years later. In which time, they told AXA that most of the works had been completed.

It said that there would've been a chance for a re-inspection upon repair of the leak, with no further damage occurring, but this wasn't done. And this would've given AXA the opportunity to have seen the full extent of damage caused, prior to any repairs being undertaken by Miss B and Mr L. And to assess what was covered or not covered. So, it asked for a decision from

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 considered the complaint and I thought the complaint should be upheld. I issued a provisional decision on 22 August 2022 and asked both parties to send me anything else by 19 September 2022. In my provisional decision I said:

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint.

Having done so, I intend to uphold this complaint, but with a different outcome than our investigator. I understand that this is likely to be a disappointment for Miss B and Mr L, but I hope my findings go some way to explain why I think this is fair.

I note that Miss B and Mr L have made a number of detailed points, which I have read and considered. I hope the fact that I don't respond in similar detail here won't be taken as a discourtesy. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it isn't necessary for me to respond to every point made, but to concentrate on the nub of the issue.

The basis of Miss B and Mr L's complaint is that the poor level of service that they experienced from AXA during their claim for damage following an escape of water. The poor service they said related to delay, handling of the claim – in particular the lack of provision of a SOW and explanation as to how AXA arrived at the settlement figure, which was considerably less than the quotes that they had obtained. I've considered these points as the main issues that I've thought about in my assessment of this complaint.

Delay

Miss B and Mr L said that there had been significant delays caused by AXA during the claim and as such, they felt out of desperation, that they had to get the work completed before agreeing with AXA what would be covered.

I have had a look at this, as AXA also accept that there were delays. But said that many of the avoidable delays were caused by Miss B not maintaining contact, which ultimately lead AXA to close the claim. It sent me 22 call recordings in which it either attempted to contact Miss B or spoke to Miss B.

In summary, some of the calls (around six) were voicemails left for Miss B to contact AXA, so that the claim could be progressed. It should be noted that a few of the calls were not responded to by Miss B or Mr L.

Many of the calls were what I've considered as 'chase calls' in which AXA called, spoke to Miss B directly, and sought responses to things like the SOW, settlement offers made and updates from them as to progress. On each occasion, Miss B said that she would 'get back to them' as she wanted to consider it. But seemingly, didn't respond quick enough.

There then follows several months of no contact between the parties, in that Miss B and Mr L didn't appear to have updated AXA. And AXA said that it closed the file, due to lack of communication from Miss B and Mr L. Around 18 months then passed, by which time Miss B contacted AXA again and the claim was re-opened. A second visit from a surveyor was authorised and a settlement figure was offered and declined by Miss B and Mr L. They then referred their complaint to our service.

Having reviewed the evidence from both parties, I do not agree that there was delay caused solely by AXA. There were many occasions when AXA contacted Miss B and Mr L seeking responses from them to progress the claim. And I can see that on several occasions no responses were received. I don't think it was unreasonable for AXA to close the claim when it hadn't received the responses. But I do think it was fair for it to re-open the claim as and when Miss B and Mr L decided that they wanted the claim to progress.

Schedule of works

Miss B and Mr L complained that the schedule of works that was sent to them in December 2018, didn't disclose any costs. AXA said that it had emailed, not costed SOWs throughout

the claim. It also said that Miss B and Mr L did contact and ask for clarification of costs, which it responded to. But, due to commercial sensitivities, it could not provide fully costed SOWs.

I have considered the SOWs sent and I think it lists all of the work that AXA said would be covered under the claim. It is not unusual for insurers to send out un-costed SOW for commercially sensitive reasons, as AXA did here. And I don't think it was unreasonable not to provide a breakdown of costs, especially as I am satisfied that many of the items disclosed on the SOW, also featured on Miss B and Mr L's independent surveyor's report. I am also satisfied that Miss B and Mr L did receive the SOW, which is supported by the call recordings and because they queried how the surveyor arrived at the costings.

Settlement figure

Another issue of this complaint relates to the settlement figure. Miss B and Mr L said that they had spent £5,819 to date on repairs and expected this figure to be reimbursed by AXA. They said that they had also sent their independent surveyor's report to AXA and that surveyor had assessed and costed the damage to be £5,646.

AXA's second surveyor who attended in August 2021, assessed the cost of the claim as £858.95 less the excess of £350. The surveyor concluded that as there was no evidence provided from Miss B and Mr L of damage to the kitchen units, this cost wasn't allowed for in the settlement figure.

Miss B and Mr L said that they had sent in the photos of the damaged units and the plumbers report in 2018. But AXA said that although it received the plumbers report, there were no photos attached. It also said that it asked Miss B and Mr L repeatedly for the evidence, but none was provided. So, in the absence of the damaged kitchen units it excluded them and the painting of the undamaged units, from the settlement figure.

I asked AXA why (as Miss B and Mr L had said) it refused to carry out a re-inspection, so that it could be satisfied that there was damage to the units. It said that it hadn't refused to carry out a re-inspection of the units. It had asked for a copy of the plumber's report and photos of the damage. Whilst Miss L and Mr B sent in the report, there were no photos of the damage included. It said on several occasions it called Miss B and left voicemails requesting that they sent in the quotes for repair and no response was received. This was when it closed the file.

AXA also said that it had requested confirmation of the damage to the units and had it received proof of the damage, it either would have progressed the claim without the need of a re-inspection. Or if the damage couldn't have been validated, then a re-inspection would have taken place.

I have read the requests AXA sent to Miss B and Mr L as well as the call recordings that I have listened to. I'm persuaded that AXA did not receive the photos of the damaged units and I think it was fair that at that stage it didn't consider this within the settlement figure of £858.95 (less the excess) it offered.

AXA has said that if it is able to validate the damage from the photos, then it will consider the costs under the claim. I have seen the photos that Miss B took of the damage and I can see that there is damage to the units. I would expect AXA to be provided with copies of the photos so that it can validate the damage caused.

I also asked AXA to explain why the settlement figure had changed from £4,027.45 to £858.95 (less the excess). It said that there had been revised figures given by its surveyor

and the amount of £4,027.45 was given on 21 December 2018, to include a 50% contribution to the undamaged kitchen units. The last figure given of £858.95 in November 2020, was due to the lack of evidence of damage to those units. Both amounts were rejected by Miss B and Mr L. But I think there appears to be damage to the units and because of this, the settlement figure of £4,027.45 offered in December 2018, is fair.

Taking all of these points into consideration, I intend to ask AXA to settle the claim by paying Miss L and Mr B £4,027.45, which takes into account the damaged units, the damage to the other areas in the home and a 50% contribution to the undamaged units.

I have also thought about the compensation offered by AXA for some of the issues Miss B and Mr L experienced. It offered £150 in total and having considered that there appeared to be delays caused by Miss B and Mr L, I think the £150 offered is fair and reasonable in the circumstances.

To put matters right, I intend to direct AXA as below.

Responses to my provisional decision

AXA did not respond to my provisional decision, save to ask for the photos of the damage caused.

Miss B and Mr L said that there were:

- factual inaccuracies in the provisional decision regarding whether Miss B and Mr L had sent AXA photos of the damage, as they had sent the photos to AXA, who acknowledged receipt in July 2018.
- AXA didn't tell Miss B or Mr L that it didn't give authority for them to order the kitchen units.
- Miss B and Mr L had no record of AXA telling them that their contractor's charges were excessive.
- They did not tell AXA that the work was completed.
- There was no reference made to COVID or urgent health and safety reasons as to why there were intervening delays.
- Miss B and Mr L said that they followed the process and disagreed that they hadn't followed the process. They submitted quotes and sought approval of them. Which was time consuming and proved redundant as AXA made settlement offers.
- Unsure whether their particular vulnerabilities were considered.
- They believe that the settlement in December 2020 was £4190.18 and not £4027.45 nor did they believe that it included VAT.
- They believed that it didn't cover the second track and trace that took place in August 2018. But then said that AXA had sought to settle this by way of a cheque it sent to them in December 2021 – which they didn't cash, on the basis that they had referred a complaint to our service. They want confirmation that the cheque hadn't been sent in full and final settlement. And they wanted the amount of the cheque to be included in the total amount.
- They want confirmation that the amount covers all damage in the home.
- Finally, they wanted their mitigation of costs to be accounted for especially as they believed it was AXA's lack of response in 2018 which caused them to instruct a third-party surveyor. They want the third-party surveyor's costs to be included in the total amount.

I note that Miss B and Mr L didn't significantly comment on the issues raised regarding delay or that my provisional findings concluded that they were partly responsible for the delay during the claim. I also note that despite the provisional decision being issued on 22 August 2022, Miss B and Mr L did not respond until 26 September 2022.

I did make it clear in the provisional decision that I considered all the information provided to me by both parties. I acknowledged that Miss B and Mr L had made a number of points, which I had considered but I hoped the fact that I didn't respond in similar detail wouldn't be taken as a discourtesy. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it isn't necessary for me to respond to every point made, but to concentrate on the nub of the issue.

Miss B and Mr L said that they had sent in photos of the damage. AXA in the evidence it provided to me, said that it had been waiting for proof of the damage, which it never received. Miss B has provided me with email correspondence in which she said that she informed and attached photos of the damage, which was acknowledged by AXA.

Having looked at the timeline provided to me by AXA and the timeline given to me from Miss B, looking at the date on which Miss B sent the photos (31 July 2018), I can see that AXA had previously been asking for the proof of damage as well as quotes for the work to be carried out, since April 2018. There were four calls made by AXA to Miss B requesting the information and a call back. These calls were not responded to until a few days later when Miss B said that she would be obtaining the proof and quotes. Over a month then past and AXA still hadn't received any proof.

Miss B eventually sent the photos of the damage (which I accept were acknowledged by AXA's contractor) some two months after the initial request had been made by AXA for the proof. This delay, which hasn't been commented on by Miss B or Mr L, meant that AXA had closed the claim due to lack of information provided from Miss B or Mr L and lack of communication from them. Consequently, I am satisfied that at the time that AXA requested the further information for Miss B and Mr L, this wasn't provided which resulted in AXA closing the claim.

In any event, AXA has confirmed that if photos were sent to them, it would consider the damage. Photos of the damage have been sent to AXA for it to consider. So, I'm satisfied that the photos of the damage have been received.

Miss B and Mr L said that at no time did AXA tell them that their contractor quotes were too high. But the evidence I have read indicated that in 2019, Miss B and Mr L were notified (after they had submitted their quotes) that the labour costs were too excessive. Miss B confirmed that she was told by AXA that any "*competent carpenter*" could fit the kitchen units and AXA confirmed that it said this as Miss B and Mr L's contractor's quotes for labour was too excessive. And their contractor was unwilling to negotiate on them. So, when AXA informed Miss B and Mr L of this, AXA said that they raised a complaint.

In addition, the evidence shows that AXA asked for the quotes before agreeing to any costs – Miss B has provided an email from AXA dated as long ago as August 2018, when AXA specifically made it clear that any costs had to be agreed by them, before work could be carried out. And given the delay from Miss B and Mr L, this authorisation wasn't given by AXA. And this was the reason, it said that Miss B and Mr L didn't follow the correct claims process.

Miss B and Mr L questioned why there was no reference made to COVID and whether their particular vulnerabilities and health and safety issues had been considered.

I can only make findings on evidence that is presented to me. Miss B and Mr L did not provide any evidence of COVID as an issue in this complaint to AXA or to our service. So, I am unable to make findings on issues that haven't been previously raised with the business. As I previously mentioned, I have considered all the points that Miss B and Mr L raised, even if I hadn't specifically commented on them. But as regards to the health and safety issues and her vulnerabilities, I considered those issues when I thought about what a fair and reasonable level of compensation was.

Finally, I have considered Miss B and Mr L's comments regarding the settlement figure. Miss B said that the amount that was last offered by AXA was £4190.18 in December 2020. The evidence from AXA indicated that the last offer it made was for £4027.48.

I asked AXA to confirm whether the lower amount was the actual last offer made to Miss B and Mr L and if it was the last offer made why was it lower than the £4190.18. It said On 21/12/2018 surveyor confirmed he had updated the scope of works to the amount of £4027.45 less excess and left the customer voicemails to call him to discuss this.

It further said that due to the elapsed time between 2018 and 2020 BVS conducted a further inspection, he agreed with the original surveyor and that settlement should not exceed that of what the original surveyor offered in 2018. Settlement offer was put in writing to the customer and sent by email on 15/12/2020 at £4,190.18 less £350.00 policy excess (slight increase to include the under stairs cupboard).

Taking all of these points into consideration, I think it's fair that AXA to settle the claim by paying Miss L and Mr B £4,190.18 less £350.00 policy excess, which takes into account the damaged units, the damage to the other areas in the home and a 50% contribution to the undamaged units. AXA has confirmed that the amounts will be plus VAT (provided Miss B and Mr L can prove that it has been paid). And for the avoidance of any doubt, the figure includes the damage to the under stairs cupboard.

I have also thought about the compensation offered by AXA for some of the issues Miss B and Mr L experienced. It offered £150 in total and having considered that there appeared to be delays caused by Miss B and Mr L, I think the £150 offered is fair and reasonable in the circumstances.

Putting things right

To put matters right, I direct AXA as below.

My final decision

I uphold Miss B and Mr L's complaint.

AXA Insurance UK Limited to verify the damage to the kitchen units, with the photos provided by Miss B and Mr L and to pay them £4190.18 (less policy excess of £350.00 plus VAT – if proof that VAT had been paid) in order to settle the claim.

AXA Insurance UK Limited to pay £150 compensation for the trouble and upset caused.

AXA Insurance UK Limited must pay the above amounts within 28 days of the date on which we tell it Miss B and Mr L accepts my final decision. If it pays later than this it must also pay interest 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 B and Mr L to accept or reject my decision before 30 November 2022.

Ayisha Savage
Ombudsman