

## **The complaint**

Mr and Mrs W complain that AXA Insurance UK Plc (“AXA”) have unfairly declined part of an insurance claim made under their buildings insurance policy.

Any reference to Mr and Mrs W or AXA includes respective agents and representatives.

## **What happened**

The background of this complaint is well known to all parties, so I’ve summarised events.

- Mr and Mrs W raised a claim under their buildings policy following damage to the inside of their home’s skirting and carpets.
- AXA appointed an agent (Company B) to attend to review the internal damage. It said the cause was rising damp which wasn’t covered by the policy. But they did note a potential problem with drains.
- So, AXA sent a drain specialist (Company D) to attend. They confirmed drain damage and completed repairs. AXA says the drains issue and internal damage were entirely unconnected.
- Mr and Mrs W say that Company D’s agents (providing names of two staff members) had told them the internal damage their property suffered was as a direct result of the drain damage. So, they say AXA should cover it.
- AXA says it spoke to Company D who refuted any such comments from its staff, and confirmed the engineer’s names didn’t match those put forward by Mr and Mrs W. And referencing the internal damage claim, it said this was over five metres away from the drains so clearly wasn’t connected. But it did award £30 compensation for its claims handling.
- Mr and Mrs W disagreed, and said it was unfair for AXA to charge a £500 excess for the drain repairs. So, the matter came to this Service.
- Our Investigator upheld the complaint, saying AXA’s communication could’ve been clearer and directed it to £200 compensation. He said AXA had incorrectly charged an escape of water excess (£500) for an accidental damage to drains claim (£100). So, he said AXA should refund the £400 difference plus 8% simple interest. He also said the available evidence suggested the two claims weren’t related.
- AXA agreed with the view and accepted its direction. But Mr and Mrs W didn’t, saying they felt the compensation award wasn’t sufficient.

So, the matter has been passed to me for an Ombudsman’s 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.

Having done so, I’m upholding this complaint in line with the Investigator’s previous

recommendations. I'll explain why.

- In response to our Investigator's view, Mr and Mrs W appear to have accepted our Investigator's position with the exception of his recommendation on compensation. But for the avoidance of doubt I'll touch on the claim itself.
- Mr and Mrs W's claim for drains damage was covered by AXA. There's no dispute of any outstanding works in relation to this.
- AXA also declined the damage for internal damage as it said the cause was due to rising damp. There's no dispute such a term exists in the policy that excludes loss or damage caused by wear and tear or gradual causes.
- AXA has provided expert commentary to support the damage has occurred gradually. And Mr and Mrs W haven't provided any evidence or expert opinion to conflict with this – with the exception of alleged commentary from Company D they say linked the drain issue with the internal damage.
- Company D disputes this version of events and has said no engineers by the names quoted by Mr and Mrs W attended their property. This suggests to me Mr and Mrs W were mistaken when attributing these comments to Company D's agents. And given the wider circumstances of having various people visit their home while looking to sell it, I'm not persuaded Company D made these comments.
- But even if I agreed that Company D's agents did say the drain damage and internal damage was linked – which I don't – I would expect there to be evidence to support this. And as AXA has said, there is a five-metre distance between the areas of damage. So, I'm satisfied AXA has declined the claim in line with the policy terms.
- Our Investigator said AXA had charged the wrong type of excess for the claim. I'm pleased to see AXA has acknowledged this and agreed to refund £400 paid plus 8% interest in line with this.
- AXA has also agreed its handling could've been better than it has been. And has now agreed to £200 compensation in total. I've taken into account everything that's happened, and I'm also satisfied AXA could've been clearer with Mr and Mrs W as to what was happening. And I think this lack of clarity has confused matters for them. In the circumstances, I'm persuaded £200 compensation is a fair sum.

### **My final decision**

I uphold this complaint. AXA Insurance UK Plc must pay Mr and Mrs W the following:

- £200 in compensation for the distress and inconvenience caused.
- £400 to account for the higher excess charged.
- 8% simple interest from the date Mr and Mrs W paid this excess until the date of settlement.

If AXA considers that it's required by HMRC to take off income tax from the interest, it should tell Mr and Mrs W how much it's taken off. It should also give Mr and Mrs W a certificate showing this if they ask for one, so they can reclaim the tax from HMRC if appropriate.

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

Jack Baldry

**Ombudsman**