

The complaint

Mr and Mrs W have complained about the way AXA Insurance UK Plc dealt with a claim they made under their home insurance policy following a flood.

For ease I will refer to Mrs W as the lead complainant in my decision.

All reference to the insurer AXA in my decision includes its agents.

What happened

In July 2021 Mr and Mrs W's home was damaged by flood. They immediately had to stay in a hotel.

AXA instructed a Loss Adjuster (LA) to deal with their claim on AXA's behalf.

In September 2021 Mrs W complained to AXA about a number of issues. They said they felt they had been left to fend for themselves. They had no choice but to pay on a credit card for hotel accommodation which they arranged as they received no support from AXA or their agents. They had to move hotels frequently during this time due to availability.

They said it was taking too long to reimburse them for payments for hotel stays and other expenses. They said AXA caused delays in arranging alternative accommodation (AA) and what it had offered was unsuitable. When given the option to look for AA themselves, Mrs W was able to find a property immediately which was more suitable in a nearby location for much less than AXA's agent had offered.

Mrs W said they were unable to speak to AXA's agent to chase progress on their claim and when they did, they were unhelpful. Mr and Mrs W were unhappy with the daily allowance of £10 per person. They thought it should be more. Mrs W said she lost her job and car, having previously worked from home, due to having to live in hotels and the delays caused by AXA.

In November 2021 AXA upheld Mr and Mrs W's complaint in part. It had increased the daily allowance to £15 per person per day. It agreed to pay the deposit for the AA - it said it would deduct the deposit from future reimbursements.

AXA said that with a claim of this type, it is likely to take longer to deal with. But it accepted it should have better explained the claims process to Mr and Mrs W to manage their expectations. And it said it had caused some delays during the claim and in reimbursing Mr and Mrs W for hotel stays and their daily allowance.

For the distress and inconvenience caused, AXA paid Mr and Mrs W £500 compensation. It also paid £25 for its delay dealing with their complaint.

In April 2022 Mrs W asked us to look at their complaint. She's raised further complaints with AXA about ongoing issues related to the claim.

AXA agreed we could consider a further complaint Mr and Mrs W raised in June 2022 which it hadn't responded to. Another complaint raised was resolved and so it doesn't form part of my decision.

In June 2022 Mr and Mrs W complained that due to the length of time the claim was taking, their garden wasn't being maintained, and they couldn't access it to maintain it.

AXA agreed to meet the costs to maintain the garden in line with an estimate provided by Mrs W.

Our Investigator recommended their complaint should be upheld. He thought AXA should have been more proactive in arranging AA sooner and in reimbursing Mr and Mrs W for the hotel costs they had to pay from 27 July 2021 to 13 September 2021. He thought the increase to the daily allowance was fair.

The Investigator recommended AXA increase the compensation it paid by a further £500, making a total of £1,000 for issues up to and including November 2021. He found that Mr and Mrs W had to move hotels three times and there wasn't evidence to show AXA's agents had provided support.

He thought AXA should pay interest on the sums Mr and Mrs W had paid on their credit card.

AXA accepted the Investigator's view.

In response, Mrs W provided further details of the number of times they had to move hotels before moving into their AA.

The Investigator issued a second view - in light of the additional moves Mr and Mrs W had to make between hotels - and recommended AXA pay a total compensation sum of £1,750. So £1,250 in addition to the £500 it had already paid. His position on paying interest on the amounts Mr and Mrs W paid on their credit card remained the same.

In response, AXA provided a timeline of events. On 16 August 2021 AXA's agent offered options for AA to Mr and Mrs W. Some of the delay was due to their rejection of the offers.

On 24/08/21 it suggested to Mrs W she could look for suitable alternative AA, which when found, AXA approved on 6 September 2021.

AXA said it agreed to take over the costs of the hotel bills from 25 August 2021.

It said there were some delays with reimbursement. But it went over and above the policy limit by increasing the daily allowance - and it reiterated that it paid the deposit for the AA upfront.

AXA agrees it wasn't ideal to have to move between hotels - but it was at one of the busiest times of the year as it was during school summer holidays. So it was always going to be more difficult to find accommodation.

AXA agreed to pay interest on the credit card sums - but it said it believed the compensation of £500 it had already paid was sufficient.

As AXA didn't agree with the Investigator's second view, the case 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.

Dealing with any claim, particularly a fire or flood damage claim will inevitably cause disruption and inconvenience. Unfortunately this is unavoidable. I've no doubt that having to live in these circumstances can cause considerable upheaval and distress.

My role is to consider whether AXA as the insurer caused distress and inconvenience over and above what would be reasonably expected in these circumstances.

Although it isn't a complete record, Mrs W has been able to provide - with a copy of her credit card statements - a list of the hotels and the number of times she and Mr W moved from 27 July 2021 to 13 September 2021. There were at least eight times when Mr and Mrs W had to change hotels due to availability.

I understand it was a busy period - being the school summer holidays - and so availability was likely to be more difficult. But AXA was aware that Mr and Mrs W's home was flood damaged and uninhabitable from 28 July 2021. It has provided limited information to show what proactive steps were taken to arrange AA for Mr and Mrs W before 16 August 2021, almost three weeks later. Mrs W explained that the accommodation offered included a bedsit, and a two and three bedroom apartment which she said didn't provide secure parking and she didn't feel was in a safe area.

Having then been given the option to locate AA herself, Mrs W was able to find a suitable property within a week and in a nearer location for a lower cost. Mrs W said the first reimbursement they received for hotel costs and food wasn't paid until October 2021. This is unreasonable.

So I don't think AXA has done enough to put things right. Mr and Mrs W put a considerable amount of money on their credit card and received little support from AXA and its agents during an extremely difficult and stressful time. They made their own arrangements for several weeks to ensure they had somewhere to stay at night, while dealing with daily life and the impact of having a flooded home. Email exchanges between Mrs W and the LA in September 2021 show that Mrs W had to chase for specific information, particularly around a date for when the AA would be available, and received general answers which were unhelpful.

AXA, as the insurer experienced in handling claims, should have provided better support and - particularly in light of the time of year - taken more proactive steps to find suitable AA sooner. Had it done so, I don't think Mr and Mrs W would have incurred the level of upheaval and worry and costs that they did.

I think it would be very difficult to accurately calculate the equivalent interest reimbursement by transaction date from Mr and Mrs W's credit card statements in this case. I think a fairer outcome in this case is for AXA to increase the compensation it pays to a total of £1,750 as reasonable compensation to resolve this complaint.

My final decision

My final decision is that I uphold this complaint. I require AXA Insurance UK Plc to pay Mr and Mrs W £1,250 in addition to the £500 it's already paid for the distress and inconvenience its poor service and delays caused.

AXA Insurance UK Plc must pay the compensation within 28 days of the date on which we tell it Mr and Mrs W accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If AXA Insurance UK Plc considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr and Mrs W how much it's taken off. It should also give Mr and Mrs W a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 20 January 2023.

Geraldine Newbold

Ombudsman