

## **The complaint**

Mr and Mrs G are unhappy with how AXA Insurance UK Plc (AXA) has dealt with their claim for an escape of water at a property they own.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat them again in detail here. But to briefly summarise, Mr and Mrs G's buy to let property suffered an escape of water from a pipe beneath the wash basin in an upstairs bathroom. This caused damage to the bathroom as well as the kitchen and lounge area below.

AXA accepted the claim and appointed a surveyor and drying company. Some drying works were completed but Mr and Mrs G say they weren't adequate as no drying equipment was set up in the bathroom – which was the location of the source of the leak. And since then, Mr and Mrs G say there hasn't been any progress with the claim. Mr and Mrs G eventually funded their own surveyor's report on the condition of their property, and whether it had been adequately dried, as well as some temporary repairs to ensure the property remained habitable for their tenants.

Our investigator requested comments from AXA regarding the costs incurred by Mr and Mrs G and the fact that their surveyor's report suggested the property wasn't dry. He also requested an update on the status of their claim. AXA didn't respond to this information request, or a subsequent chaser. So, our investigator issued his assessment of the complaint based on the limited information he did have.

Our investigator said he thought AXA should pay Mr and Mrs G £250 compensation for its poor handling of the claim up to this point and that it should reimburse them the costs they'd incurred for the temporary repairs they carried out, plus interest. In order to progress the claim, he said AXA should carry out a further inspection of the property to establish whether moisture remained as a result of the claim, before drying it (if required) and drawing up a schedule of repairs to either carry out the repairs or pay Mr and Mrs G a cash settlement.

AXA didn't respond to our investigator's opinion. So, as no agreement has been reached, the 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.

Firstly, I should point out that it's disappointing that AXA hasn't provided a response to our investigator's multiple information requests or assessment of the case. This means the case has had to be passed to me for a final decision, which potentially could have been avoided if AXA had engaged with us. The lack of response or engagement from AXA ultimately means their customer and insurance policyholder has needed to go through all stages of our process, only due to AXA's lack of response.

That said, I'm satisfied I have enough information on file to reach a fair and reasonable outcome on this complaint. So, I'm moving ahead with my final decision based on the information we have available.

AXA appointed a surveyor to deal with Mr and Mrs G's claim, who in turn appointed a drying specialist. I've reviewed the interim report and incomplete drying certificate provided by the drying specialist. These suggest that they believed some of the water damage was unrelated to the claim. The interim report highlights the poor condition of the sealant around the bath to be the most likely cause of damp and mould below the bath. And the drying certificate mentions a lack of DPM at the property – although it's not clear which damage it is suggesting has resulted from this.

I don't think it would necessarily be unreasonable for AXA to refuse to deal with a pre-existing wear and tear issue, or damage which resulted from it, as this is specifically excluded under the policy terms. But I can't see that AXA put these issues to Mr and Mrs G, or explained that because of these issues, it felt it was reasonable not to fully dry the property or proceed with settling the claim. So, Mr and Mrs G have been left in a period of uncertainty and feeling that they needed to take action to ensure the property was habitable for their tenants, and this included appointing their own surveyor to review the drying works already undertaken by AXA. Given the lack of clear communication from AXA, I don't think the actions they took here were unreasonable.

As I say, Mr and Mrs G appointed their own surveyor to review the quality of the drying works. Their surveyor removed additional flooring within the bathroom and noted a clear path of moisture from the source of the water leak to the area surrounding the bath up to the inner face of the external gable wall. He said this area remained saturated and badly affected with black mould as a result of not being exposed or dried.

Given that Mr and Mrs G's surveyor identified a clear link between the escape of water covered under their claim and the area of damage which AXA's drying specialist seemingly believed to be unrelated, I'm persuaded on balance that the damage has been at least partly caused by that escape of water. I therefore consider that it was unreasonable of AXA to not fully dry that area, before reaching a decision on which damage, if any, could be fairly excluded.

It is possible that there was some pre-existing damage as a result of the sealant issues identified by AXA's drying specialist – which wouldn't be covered under the policy. But given the extent of the damage caused by the escape of water to the same area – which has been left to worsen due to AXA's (in my view) incorrect decision to limit the scope of the drying works, I think it's unlikely that AXA will be able to differentiate between claim related and non-claim related damage at this stage.

That said, I agree with our investigator that a further inspection will be necessary to establish what further drying works remain to be completed, before any schedule of repairs can be drawn up. So, if AXA is able to clearly differentiate between damage caused by the escape of water and subsequent delays, and damage caused by the pre-existing sealant issue, then I think it can fairly exclude the latter damage. But following this inspection, AXA must promptly settle Mr and Mrs G claim in line with the terms and conditions of their policy.

Taking into account the significant delays to the claim to this point, I think it was reasonable for Mr and Mrs G to arrange their own surveyor to review the drying works, and to carry out the temporary repairs which they did. And given the information currently available, on the balance of probabilities, I consider that the surveyor's report supports Mr and Mrs G's concerns about the drying, and these repairs were most likely required as a result of the escape of water covered by this claim. So, I think AXA should reimburse the costs Mr and Mrs G have incurred in doing this and pay 8% simple interest on that amount from the date(s) they were out of pocket to the date they are reimbursed, to compensate them for being deprived of the use of that money for other purposes.

In addition, given the delays and poor communication to this point along with AXA's failure to properly dry the property, I think Mr and Mrs G have been unnecessarily impacted by AXA's failings. So, I think AXA should pay them £250 to fairly compensate them for this.

### **My final decision**

For the reasons explained above, I uphold Mr and Mrs G's complaint.

AXA Insurance UK Plc must:

- Promptly arrange a further inspection of Mr and Mrs G's property to establish where further drying is required as a result of the claim. Following this, it should settle Mr and Mrs G's claim in line with the terms and conditions of their policy.
- Reimburse Mr and Mrs G for the temporary repairs they had carried out, including the surveyor's report, plus 8% simple interest\* from the date(s) they were out of pocket to the date they are reimbursed.
- Pay Mr and Mrs G £250 compensation for the impact of their poor handling of their claim up to this point.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 14 April 2023.

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

Adam Golding  
**Ombudsman**