

The complaint

Mr and Mrs D complain about how AXA Insurance UK Plc (AXA) handled their home insurance claim.

Mrs D represents herself and Mr D in this complaint. References to AXA include its agents.

What happened

Mr and Mrs D held a home insurance policy underwritten by AXA. Unfortunately, in late January 2022, there was a fire at their home which caused significant damage. The next day Mrs D contacted AXA to make a claim on their home insurance policy.

Mrs D complained about the way AXA dealt with her claim. In the initial call, she says the call handler incorrectly told her certain things weren't covered and made insensitive comments comparing her claim to the previous call. When she raised this, she was told the person was new and needed further training. Mrs D was also told the loss adjuster couldn't attend until March, which was incorrect, and she wasn't given alternative accommodation at all or emergency funds quickly enough.

As a result of what happened, Mrs D says she lost confidence in AXA and instructed her own loss assessor in early February, who I'll refer to as 'M', to manage the claim on her behalf.

AXA upheld this complaint in its final response letter (FRL) of March 2022. It agreed the service given to Mrs D wasn't to the standard it'd expect and apologised for the insensitive comments and distress and inconvenience caused by the problems she'd experienced. It paid Mrs D £200 for this with an additional £25 for not responding within its own timescales. In relation to emergency funds, it explained the agreed process with its agent meant they don't raise payments until the initial visit has taken place but felt, given Mrs D's difficult situation, the agent could've referred this to AXA sooner. Whilst it was sorry it hadn't been able to find suitable alternative accommodation, AXA noted Mrs D had chosen to stay with family and was being paid a disturbance allowance.

As the claim progressed, M, on behalf of Mrs D, complained about the delay in approving the tender report and, later, the cost of removing the asbestos which had been discovered part way through the works and prevented progress. Mrs D was also unhappy she frequently couldn't reach anyone to discuss it by phone. AXA upheld this complaint in its FRL of July 2022 and noted the approval to remove the asbestos had then been given. It apologised for the way the claim had been handled and accepted it hadn't met its highest standards of service. To apologise for any distress and inconvenience caused, it paid £150 to Mrs D.

In August 2022, AXA sent Mrs D a further FRL which noted she was unhappy with the two previous FRL's mentioned above and remained unhappy with its handling of her claim. AXA didn't agree to change its decision on the earlier complaints and was satisfied with the way it'd handled the claim since the July FRL had been sent.

Mrs D brought a complaint to this service. She explained the main issue is with the unnecessary delays to works which have prevented her from returning home in a reasonable timeframe. And how this had impacted her health and the stress it had caused.

Our Investigator looked into matters. They noted AXA accepted there had been delays and poor service during the claim but felt the compensation offered didn't adequately recognise this, so they increased the compensation to £500. AXA accepted this.

Mrs D didn't agree. She says the compensation isn't high enough and it was AXA's unnecessary delays which had the greatest impact on her mental health. She therefore wants it to also cover the costs she feels she incurred as a result such as counselling sessions, fuel and additional time off work. Mrs D feels the amount is nothing for a company of AXA's size and so it will continue to get away with it. She also wants AXA to review its language around mental health and to receive an apology.

As the parties didn't agree, the matter has been passed to me for a 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.

The key facts here aren't in dispute. AXA admits it got things wrong. The key issue I must decide is whether the things it has done to put matters right is fair and reasonable.

To do this, it's important to distinguish between the distress and inconvenience Mr and Mrs D suffered because there was a fire at their home and its consequences, which AXA isn't responsible for, with what AXA did or failed to do that might've added to that distress. For example, the need for Mr and Mrs D to move out of the home - whilst understandably disruptive and distressing – is a consequence of the fire making their home inhabitable rather than something which is AXA's responsibility.

Taking everything into account, I think it's right that AXA should compensate Mr and Mrs D for the impact of its failures in this matter. However, I also think it's important to explain that, as a service, our awards are designed to compensate consumers, not punish organisations.

So, we look at the impact any mistakes had on the consumer concerned. I can see from what has been said by Mrs D that she has found this claim understandably stressful. But I also think it's important to say it's my view AXA took this matter seriously and recognised the impact of its actions when Mrs D raised her complaints with it. I say this because it apologised to Mr and Mrs D in the FRLs, put things right by ensuring the claim was progressing as it should've been and offered compensation for the distress and inconvenience caused.

Mrs D says her main complaint is about the unnecessary delays AXA caused which led to her staying in accommodation that was inappropriate longer than she should have and the impact of this. However, it's not unreasonable for AXA to take time to consider matters before approving work, for example, by reviewing the claim itself, seeking advice internally, obtaining specialist reports and reviewing quotes. And, from the information I've been sent, I can see this is a significant part of what it was doing even when it may have seemed as though no progress was being made. It's also important to balance this with the fact it was a significant claim which AXA was reasonably likely to take more time to investigate, consider and review. Having said this, I can see areas where there were avoidable delays as follows:

- 2 weeks to approve the tender from when AXA's agent recommended this.

- 4 weeks from the time AXA was told the contractor discovered asbestos containing material to approve the works to remove this. Although it sought further information, the ultimate decision was made without it.

The additional time it took AXA to approve these may have caused Mrs D to be away from her home longer, by somewhere in the region of 3-4 weeks. But I've also seen there were unavoidable delays such as when the asbestos was unexpectedly uncovered. Further, I noted examples where AXA was able to progress things swiftly, for example, the contractor was approved to start the stripping out works earlier than they were originally due to be available. And there were instances I can see AXA took time to make the right decisions, such as agreeing to replace rather than repair at an increased cost, to ensure there was no risk of an unacceptable finish or later failure.

I note the time the contractor predicted it would take for it to carry out the work has been referred to by Mrs D as an overestimation. She also says AXA caused the contractor to start later due to its delays because it had then gone to work on another job. The tender suggested it would take the contractor 12 weeks to do the work with a 4-week lead time from appointment. I wouldn't be surprised if the contractor built some time into its estimate for unexpected issues and delays. But this is just that - an estimation - and a contractor taking on another job leading to a slightly longer lead time isn't unusual. Even so, the contractor did start work a month after being appointed and I understand it took less than 12 weeks from the date the work to remove the asbestos was approved to the time the property was returned to Mr and Mrs D. And the overall estimate of 16 weeks in the tender doesn't consider the time it will take for the entire claim to be dealt from the date it is made to the time the consumer returns home.

As I've mentioned, this was always going to be an incredibly difficult and distressing time for Mr and Mrs D and it would've taken a certain amount of time for the claim to be approved and works implemented. I accept this period was made particularly distressing as there wasn't any suitable alternative accommodation for Mrs D. Even so, I haven't seen any evidence to suggest this was because of something AXA did wrong and was instead due to a lack of suitable accommodation in an area acceptable to Mrs D which was appropriate for her pets. So, I don't think it's reasonable to say the additional costs Mrs D says she's incurred - for example for fuel, counselling, and other matters such as vet fees for her pets living in an unsuitable home - wouldn't have always been incurred because of the fire and moving in with family, rather than the delays in progressing the works caused by AXA.

Having said this, I don't doubt Mr and Mrs D incurred extra costs - this often happens when you relocate to live in a family members home. However, AXA paid £900 a month as a disturbance allowance to Mr and Mrs D. A disturbance allowance is designed to reflect the actual costs a consumer has incurred and so they'd usually be required to evidence their normal costs before the claim, as well as the costs incurred throughout the claim. However, industry practice is that the allowance should be paid at a rate of £10 per day for each adult living at the insured property as not everyone keeps receipts for everyday expenses. So, I consider AXA took a pragmatic decision to give a disturbance allowance to Mr and Mrs D and I note this is significantly more than this service would usually recommend.

Taking everything into account, I consider the apologies AXA has given and the total compensation of £500 it's agreed to pay to Mr and Mrs D (which is a further £150 on top of the compensation it had already offered) to be fair and reasonable in the circumstances. I think the significance of the amount adequately recognises the failures AXA and their agents have made which have elongated the claim process and added further distress and inconvenience in addition to what Mr and Mrs D would've experienced due to the fire itself.

I note Mrs D would like to improve the language AXA uses around mental health. This isn't something that our service can do. We look at individual complaints. The Financial Conduct Authority is the party who regulates insurers and can consider their processes more generally. So, whilst this might be something she wants to take forward with them, it's not something I can consider.

Mrs D mentioned to our investigator her contents claim hasn't yet been satisfactorily resolved. This will need to be a separate complaint to AXA in the first instance. As the investigator explained, this decision only considers the matters covered in the FRL of 8 August 2022, which also refers to the two FRLs before it.

I know Mrs D will be disappointed with this outcome. But my decision ends what we – in trying to informally resolve the dispute with AXA – can do for her.

Putting things right

AXA Insurance UK Limited Plc needs to pay Mr and Mrs D a further £150 (to bring the compensation to a total of £500) to put things right.

My final decision

My final decision is that I uphold this complaint. So, AXA Insurance UK Limited Plc needs to take the steps set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Ms D to accept or reject my decision before 12 July 2023.

Rebecca Ellis
Ombudsman