

The complaint

Mr G and Mrs M complain that AXA Insurance UK Plc (AXA) poorly handled their home insurance renewal and unfairly recorded a claim against them which resulted in a significant increase to their premiums. Any reference to AXA in this final decision includes its respective agents unless specified otherwise.

What happened

The background of this complaint is known in detail to the parties involved so I'll summarise the key points.

- Mr G and Mrs M made a claim under their AXA home insurance policy for subsidence due to cracks that developed on a retaining wall at their property.
- AXA found the damage was unlikely the result of subsidence and more likely age related and not covered under the policy. It said that even if it was subsidence related it still wouldn't be covered unless it was also affecting the main dwelling – which it wasn't. So the claim was declined.
- On renewal of the policy Mr G and Mrs M noted the new premium being offered by AXA had doubled from the previous year and this appeared to be because of the subsidence claim.
- Mr G and Mrs M complained this was unfair as AXA had declined the claim saying there was no subsidence. They also complained AXA sent the renewal paperwork to the wrong address and by the time it got to them they had no time to challenge the renewal quote before the new premiums were taken and the policy went live.
- AXA said that even if a claim is made and declined, costs can still be incurred by the insurer in investigating it (a loss) and the claim still needs to be recorded as having been made, regardless of the outcome.
- It said that any claim made, whether accepted or declined, can affect risk when calculating premiums. It also explained that it carries out regular analysis of how its home insurance product is performing and as a result, its overall rate and pricing for certain perils had significantly increased that year.
- With all of that in mind it was satisfied it had fairly handled Mr G and Mrs M's renewal and so it didn't uphold that part of the complaint. But it offered them £25 compensation for the error of sending the renewal paperwork to the wrong address. Unsatisfied with this, Mr G and Mrs M brought a complaint to this Service.
- Our investigator considered the complaint and thought AXA had acted fairly so they didn't uphold it. Mr G and Mrs M disagreed, so the complaint was passed to me to make a decision.

I issued a provisional decision on this case in March 2023. In it, I said:

- *I've found the crux of this complaint to be about two key matters – the price of Mr G and Mrs M's home insurance policy at renewal and the service they received from*

AXA during its handling of this. I'll deal with both parts in turn.

- *When considering complaints about insurance pricing, it's important to set out the role of this service and the scope of my decision.*
- *It's not for me to tell a business what it should charge when agreeing to provide cover, this is a commercial decision that the business is entitled to make. But I can check that a customer is treated fairly when a business prices the policy.*
- *Mr G and Mrs M say they've been treated unfairly as a subsidence claim they made to AXA, which was subsequently declined because no subsidence was found, has been logged on their claims history and resulted in a significant increase to the renewal price of their policy.*
- *From what I've seen, AXA's contractors observed damage to the property both internally and externally. And it's not in dispute that subsidence wasn't found to be the cause of the this.*
- *But a claim was still made. AXA would've incurred a cost in appointing and sending out a contractor to inspect the damage and compile a report. And regardless of that specific claim not being covered under the policy, damage was still observed, which arguably may or may not have an impact on future claims that could arise.*
- *On the back of this, AXA is entitled to re-evaluate the potential and known risks associated with insuring the property and to make a record of the claim being made. And it's not unusual for this to have an impact on premiums – which, alongside an overall increase across AXA's charging structure for this policy, is what seems to have happened in this case.*
- *I've reviewed the pricing information provided by AXA. I can't share this with Mr G and Mrs M as it's commercially sensitive, but I can say that from what I've seen so far, it's applied a pricing approach that was applicable to it at the time Mr G and Mrs M's renewal was prepared.*
- *So while I acknowledge that the renewal price offered to Mr G and Mrs M was significantly higher than the previous year and so would understandably raise questions for them, I can't see that AXA made a mistake in doing this in the specific circumstances of this case. So I don't intend to uphold this complaint point.*
- *I'm aware that AXA sent the renewal paperwork to an incorrect address. And from what I've seen so far, by the time Mr G and Mrs M were in receipt of it, any challenge they made in relation to this wouldn't have been responded to by AXA until the policy was live. Mr G and Mrs M say this made it difficult for them to move insurer.*
- *AXA acknowledged this error and offered Mr G and Mrs M £25 to put things right. Our investigator thought this was fair as the policy had a 14-day cooling off period – so they said Mr G and Mrs M could've arguably changed insurer after the policy went live.*
- *Mr G and Mrs M acknowledge the cooling off period, but say they were left in a confusing situation about how to answer other insurers' subsidence questions as AXA had told them they didn't have subsidence when declining their claim, but on the renewal form it recorded that they did.*
- *Mr G and Mrs M say that to gain an answer to whether this was correct or not, and why, they went through AXA's complaint process which took them past the cancellation window – thus leaving them stuck in the policy. So I've thought about both points carefully.*
- *I don't think AXA's actions prevented Mr G and Mrs M from changing insurer. For example, they could've called other insurers and explained the specifics of their*

circumstances to gain the information they required to accurately answer any application questions.

- But Mr G and Mrs M were understandably distressed at their personal information in the renewal quotation being sent to an incorrect address. Then, when they did receive it, they had valid questions for AXA to help them understand why the increase had occurred. And I can understand why they wanted a response to these questions before deciding to renew or to potentially change insurer.*
- Industry rules (ICOBS) require AXA to provide certain information "...in good time before the renewal." The renewal notice was dated 24 December 2021 and so given the time of the year, it would inevitably take longer to reach Mr G and Mrs M than outside the holiday period.*
- The renewal date was 13 January 2022 so just 20 calendar days away, but of course, at that time of year due to bank holidays, they would most likely receive much less than 20 days' notice. The 'in good time' requirement was also impacted by the fact that AXA sent the renewal to an incorrect address thus limiting Mr G and Mrs M's time even further.*
- Mr G and Mrs M had been customers of AXA previously and it's understandable that they wanted to explore why the premium had increased. But the time window was extremely short, through no fault of theirs. And as previously stated, the renewal price was significantly higher, so it's understandable it came as a shock to Mr G and Mrs M. And I don't doubt that receiving this with a very limited window to challenge before the policy went live would've been very distressing for them.*
- With all of that in mind, I'm satisfied there's been notable service failings in this case. And I don't think the amount already offered by AXA is enough to fairly recognise the impact this had on Mr G and Mrs M. I'm therefore minded to direct AXA to pay an additional £150 compensation for the distress and inconvenience caused to Mr G and Mrs M in this case.*
- I've considered all of Mr G and Mrs M's points, including the fact they think 'subsidence' has been incorrectly recorded against their home on their AXA renewal documents.*
- The question that Mr G and Mrs M refer to asks whether in the last ten years the property has suffered any "structural movement of settlement, subsidence, landslip or heave?" The answer to this has been recorded as 'YES'.*
- While it's not in dispute that Mr G and Mrs M's property wasn't found to be suffering from subsidence, there was found to be structural movement. So on balance of what I've seen so far, I'm not persuaded the answer to this question has been recorded incorrectly by AXA. So these points don't change my overall conclusion in this case.*
- It's also important to note that whether or not this impacts future insurance policies isn't something I can comment on in this decision as I simply cannot know. This is something Mr G and Mrs M would need to discuss with any potential insurers they may choose going forward.*

I gave both parties a chance to respond to what I'd said before issuing my final decision. Mr G and Mrs M never replied. AXA accepted my provisional 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.

Neither party provided me with anything further to consider and AXA accepted my provisional decision. Therefore, my decision on this case is unchanged.

It follows, for the reasons already set out in my provisional findings above, I uphold this complaint in part and AXA must take the steps set out below to put things right.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint in part. AXA Insurance UK Plc must;

- Pay Mr G and Mrs M the original offer of £25 if it hasn't done so already.
- Pay Mr G and Mrs M an additional amount of £150 for the distress and inconvenience caused in this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs M to accept or reject my decision before 17 April 2023.

Rosie Osuji
Ombudsman