

The complaint

Mr H complains about how AXA Insurance UK Plc has settled his claim on his landlords insurance policy.

Mr H has been represented by a third party throughout this complaint. However for ease of reading, all references to Mr H include the actions of his representative.

What happened

Mr H had landlords insurance with AXA. In September 2021 he made a claim after discovering an escape of water at the property that had caused extensive damage. AXA accepted the claim however work to repair the property didn't progress well. And in April 2022 Mr H made a complaint to AXA.

He subsequently brought the complaint to this service and In September 2022 it was upheld by our investigator. She said AXA should:

- Scope and commence all works as a matter of urgency to avoid further delays, or offer a cash settlement based on the market value of the work.
- Pay loss of rent, council tax and utility bills at the property until it is marketable.
- Pay a total of £750 compensation.

Our investigator's outcome was accepted by both sides. Shortly after this, AXA's contractor issued a scope of work for the remaining repairs. However due to the issues experienced so far, Mr H decided he'd prefer to cash settle the work.

AXA agreed, however its contractors had already purchased some materials for the work so it said these would need to be delivered first. This was arranged however Mr H was unaware they were arriving, so the property was empty. The contractors left the materials outside the property and subsequently arranged for them to be picked up again.

Following this, AXA confirmed the amount of the cash settlement, deducting the relevant excess and amounts paid for work so far and the materials already purchased. It came to £7,031.78. It also paid for loss of rent, council tax and bills up until the policy limit of 12 months.

Mr H was unhappy with this settlement. He said the amount wasn't enough to cover the cost of the work at market rates. And he'd been unable to obtain his own quotes as the information about the required work provided by AXA was unclear, so contractors were unwilling to quote based on it. He also didn't think it was fair that AXA were capping the loss of rent at 12 months, as the work was still not complete. He made a complaint.

AXA said its offer for the cash settlement was at market rates and Mr H had the opportunity to provide his own quotes to prove otherwise and hadn't provided a full costed quote. It also maintained its decision to pay 12 months loss of rent as it said if its contractors had carried

out the repairs, they would have been completed already. However it accepted it had caused some delays since Mr H's last complaint and offered a total of £200 compensation to apologise for these.

Unhappy with this, Mr H brought his complaint to this service.

Our investigator considered the issues and recommended the complaint be upheld. She said AXA should:

- Arrange a suitable time for the purchased materials to be delivered to Mr H.
- Both sides should inspect the materials and agree if they are still in good condition.
- A scope of works should be drawn up and Mr H should obtain a quotation based on this. AXA should cash settle based on this quotation.
- Pay loss of rent, utility bills and council tax up to an agreed date when the work should be reasonably completed.

Mr H accepted our investigator's outcome, however AXA didn't. It said it had already provided a clear scope of works and a list of the materials already purchased and Mr H had failed to provide a quotation. And as it was Mr H who had delayed the completion of the work, it should have to pay additional loss of rent above the policy limit. It asked for the complaint to be reviewed by an ombudsman.

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.

Since the last complaint, there has been very little progress with this claim. I've looked at the correspondence between Mr H and AXA and I can see there have been delays on both sides. However I think AXA should have done more to move the claim forward. And provided clearer information in order for this to happen. In particular:

- AXA's contractors have purchased materials, which means this needs to be deducted from the overall cash settlement. However as these were left outside for a period of time, and have since not been re-delivered to Mr H it's not clear what condition the materials are in. And without this information it isn't possible to calculate how much should be reasonably deducted from the cash settlement. The fact the materials were left outside was due to poor communication from AXA's contractors, so I consider it responsible for delays related to this.
- While AXA has provided a scope of works and a list of materials it has purchased, I don't consider this to be clear or straight forward. The list of materials provided is separate from the scope of works and is a series of links to items on websites. In order for Mr H to obtain a quote from elsewhere I'd expect the scope of works to be an exhaustive list of all repairs and materials required, with an indication of where these have already been purchased. Or at the very least a clear list of materials, their specification and their cost in one place. Mr H has said this has made it harder for him to obtain a quote from other contractors, which has delayed things further.
- Due to these delays Mr H has not been able to agree a cash settlement and repair work hasn't begun. While I appreciate there have also been delays on Mr H's side, I think AXA should have done more to move things forward and assist Mr H in obtaining a suitable

quote for the work. And because of this, I don't think it fair or reasonable that AXA has limited the loss of rent payments to 12 months in the circumstances.

Putting things right

As this claim has now been ongoing for nearly two years, the most important thing is that it is now resolved and claim repairs completed. I've thought about the best way to ensure this and I agree with our investigator's recommendations as to a way forward. I therefore require AXA to:

- Deliver the purchased materials to Mr H at a pre-arranged time in order for him to inspect the condition and agree with AXA whether they are suitable for use.
- Based on this, AXA should provide a clear scope of works, that indicates where materials are already purchased and suitable to use.
- Mr H should then obtain a clearly costed quote for the scoped works and AXA should cash settle at this amount. Should there be any disagreement on whether the cost is reasonable, Mr H should obtain a further two quotes.
- From the point the cash settlement is agreed, AXA should agree a reasonable time scale for the completion of the work from that date and pay loss of rent, utility bills and council tax up until the agreed reasonable completion date.
- Pay Mr H the £200 compensation it has offered, if it hasn't already done so.

My final decision

For the reasons I've given, I uphold Mr H's complaint and direct AXA Insurance UK Plc to carry out the directions as described under 'putting things right' above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 July 2023.

Sophie Goodyear
Ombudsman