

The complaint

Ms M complains about the way AXA Insurance UK Plc has dealt with a claim on her home insurance policy.

What happened

In June 2021 Ms M made a claim following a leak of water in the bathroom of her home. AXA accepted the claim and appointed claims handlers to deal with it. They issued a report which explained that water had pooled under the floor and seeped into the lounge and kitchen.

AXA agreed repair works to be carried out. This was initially expected to take about six to eight weeks.

Ms M and her family moved out of their home in July 2021. Dryers were put in place to dry out the property for six weeks and AXA agreed the family should be given alternative accommodation for 12 weeks. Some accommodation was offered but it wasn't local, so Ms M found somewhere herself.

Due to delays getting repairs done, Ms M agreed a cash settlement with AXA so she could arrange her own contractors to do the work in the bathroom.

The bathroom was reinstated in November 2021 but the wood floor in the lounge needed to be replaced and this took some time to arrange. In April 2022 the furniture and damaged flooring were removed but it was then found the wrong flooring had been ordered, so this had to be re-ordered.

The flooring was replaced in August 2022 but there were still problems with damp and other issues.

Ms M made a number of complaints to AXA about delays and then referred the complaint to this Service. Her complaint covers a number of issues, including:

- there have been long delays with the works being completed and she's been out of her own home throughout;
- the quality of the work has been poor;
- AXA has been late making payments for the alternative accommodation; and
- she's had little communication about progress with the claim, with emails sometimes going unanswered.

AXA provided final response letters to Ms M's complaints accepting there had been delays and that it had been late with the alternative accommodation and other payments throughout the claim. Up to January 2023 it paid a total of £575 in compensation.

Ms M didn't think the compensation was enough to reflect all the problems she and her family have experienced. She also said her premiums increased significantly due to the costs involved in this claim, mainly due to the increased alternative accommodation costs.

Our investigator thought the complaint should be upheld and asked AXA to make a further payment of £750. AXA accepted this but Ms M didn't agree and has requested an ombudsman's decision. Amongst other things, she says

- she's incurred costs for services they were not using due to being away from home (including council tax, water and fuel bills);
- the bathroom was done by December 2021 but the floors and decorating were not done until August 2022 and then needed to be rectified, as drying out had not been done correctly;
- further delays followed – by January 2023 they had still not returned home.

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.

It's not in dispute that the policy provides cover for Ms M's claim and AXA has accepted there have been delays both in dealing with the repairs and arranging payments. The issue I need to decide is whether the further compensation of £750 recommended by the investigator is fair.

When considering this, I've taken into account relevant industry rules and guidance, which say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

In this complaint I'm only considering events up to the final response AXA sent to Ms M in January 2023. I understand there have been further issues since then but those would need to be looked at separately.

It's not in dispute that there were delays dealing with the claim. In December 2022 AXA appointed loss adjusters to take over the claim and bring it to a conclusion. Until then it had been dealt with by claims handlers on AXA's behalf. The information about how the claim was handled up to then is fairly limited, but I've noted a number of issues including the following:

- The claim was made in June 2021 but little progress had been made with repairs by October.
- AXA then agreed to pay a cash settlement to Ms M to deal with the repairs to the bathroom, and these were dealt with by her contractors in November 2021.
- An update in May 2022 advised that repair work on the lounge and kitchen hadn't started.
- Work to strip out and dry the property was done in August 2022 but Ms M complained in October that there were still ongoing delays.
- Ms M had problems getting updates and AXA's own records show it had concerns about the information being provided as well as the overall handling of the claim by the claims handlers, with poor control of the claim.
- A report in November 2022 said there were signs of trapped moisture from the original incident; the wall probably hadn't dried out completely and had been painted with what appeared to be non-breathable paint; and trapped moisture was causing issues.
- In December 2022 Ms M was told her family could return home in two weeks but this didn't give enough time to arrange a deep clean of the house and the return of contents that had been put in storage.

A claim of this nature would have taken some months to deal with in any event. But Ms M would have expected AXA to take prompt action at each stage and keep her informed of progress, in line with its obligations. That didn't happen and Ms M has described how this affected her whole family, which was upsetting for her. I agree AXA should make a further payment to Ms M.

Ms M says £750 isn't enough for two years of delays. The period I'm considering is only up to January 2023. A payment of £750 in addition to the £575 AXA has already paid would mean the total compensation for the delays and other issues up to that point is £1,325. Taking all of the above into account, I think that's a reasonable amount to acknowledge the distress caused by the delays and poor communication up to that point. Any further issues after that date can be considered separately.

Ms M has mentioned she was paying some bills for a property that her family wasn't living in. I appreciate that would have been frustrating but I don't think it would be fair to ask AXA to pay those; bills such as utilities or her home insurance are things they would have to pay in any event.

Finally, Ms M says the cost of her premiums has increased due to the ongoing claim. There are many factors which affect how much the premiums will be, including claims history. AXA said it would review this once the claim was concluded and the final costs known and I think that's fair.

My final decision

I uphold the complaint and direct AXA Insurance UK Plc to pay compensation of £750 to Ms M for the distress and inconvenience caused to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 4 December 2023.

Peter Whiteley
Ombudsman