

The complaint

Mr and Mrs H complain about how AXA Insurance UK Plc handled their claim for subsidence on their home insurance policy.

What happened

Mr and Mrs H had home insurance that was underwritten by AXA. In March 2020 they made a claim as they'd noticed worsening cracking on the walls of their lounge. AXA inspected the damage and found it to be subsidence caused by an escape of water that had resulted in a void beneath the foundations.

To resolve it, the property was jacked up and screw piling was carried out at the front of the house, however after a period of settling, further movement was noted. On investigation it was found that the property had some historic issues that hadn't been noticed before and were causing further issues. AXA decided a portion of the property needed to be rebuilt to address the problem.

However this took a long time to complete. In part due to a dispute with the neighbouring property about whether a party wall agreement would be needed as the work affected a wall between two terraced houses.

Throughout the claim Mr and Mrs H raised concerns about how it was being handled, the condition of their property and the impact this was having on their life. In particular:

- They were living in cold conditions as damage had meant that two radiators upstairs had to be removed and there were draughts in the front rooms where the cracks were downstairs.
- They had been unable to use the front door since their property had been jacked up and their back door had broken during this time which they had paid to have fixed.
- Their house had been a building site for two years and AXA hadn't agreed to moving them out while repairs took place.
- AXA's contractors had not communicated well with them which had meant they had very few updates on how the claim was progressing.
- The disagreements around the party wall had impacted their relationship with their neighbours.

AXA had responded to previous complaints and awarded £150 compensation. However it agreed to review the whole claim in full again. Having done so, it agreed there had been some delays and poor service. It offered a further £500 compensation to make up for this.

Unhappy with this Mr and Mrs H brought their complaint to this service.

Our investigator considered all the issues and recommended the complaint be upheld. She

thought the impact of AXA's delays and poor service had been considerable and thought it should pay them a total of £2,000 compensation. She also thought it should reimburse Mr and Mrs H for the extra costs they had paid for electric heaters and to repair the back door and a window that had smashed due to the repairs, on receipt of proof of these costs. She said it should pay 8% interest on these costs as well, to make up for the time they'd been without the funds.

AXA didn't agree with our investigator's outcome. It said it didn't agree it was responsible for delays relating to the party wall, as this was due to the neighbour changing their mind about whether an agreement would be necessary or not. It also said that Mr and Mrs H hadn't informed it that they'd removed the radiators upstairs and when they'd told it about the draughts, it had done a temporary repair to stop this straight away. So it didn't agree any additional compensation was due.

Further, it said it hadn't been told about the damage to the window or the back door, so shouldn't have to cover these costs.

Because agreement wasn't reached, the complaint has come 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.

Having done so I've identified a number of delays and poor service caused by AXA, in summary:

- AXA initially chose to jack the property up and apply screw piling. While I can see that this was on the recommendation of its expert, this work appears to have been the cause of the further problems that have been encountered. AXA has said that the underlying cause was previous issues with the building that weren't apparent until this work was completed. And I don't dispute this. However Mr and Mrs H have shown that further damage was caused by the jacking itself, including damage rendering the front door unusable. This suggests this initial work wasn't carried out with the due care we'd expect.
- After the piling was found to have failed at the end of 2020, it wasn't until April 2022 that work to rebuild the front of the property began. This was a very long delay and from looking at the emails between AXA and its contractors I think a large part of this could have been avoided.
- While I can see that there were changes to the third party neighbour's approach to having a party wall agreement in place, I think AXA should have done more to take control of this situation at an earlier time. I can see there was a lot of discussion internally about whether an agreement should be sought, and it seems it was left to the neighbours to decide, rather than by AXA. And as the experts, I'd expect AXA to foresee that this may be necessary if it declined to pay the neighbour's cost and that this would likely be what it would do.
- During the time between the first repair and the subsequent repairs Mr and Mrs H were given very little information about the progress of their claim. And during this time the condition of their house was such that they couldn't use the front rooms in the upstairs or downstairs of the house and didn't have proper heating across two winter seasons. AXA has said it wasn't aware of these conditions and I understand from Mr H that this was due to its contractors not passing this information on.

Considering how uncomfortable these conditions would have been, I'd expect this to have been passed on as a matter of urgency.

- Due to the conditions in the property, and the fact the front door couldn't be used Mr and Mrs H asked if they could be moved into alternative accommodation. While I can see that kitchen and bathroom facilities were unaffected, so the property wouldn't meet the usual threshold for alternative accommodation, I think more understanding and consideration for Mr and Mrs H's circumstances should have been given.

Based on this, I think AXA has caused a number of avoidable delays throughout the claim. And this has caused the claim to go on for longer than it should have. And the poor service provided, particularly by its contractors, have left Mr and Mrs H with little information about the claim and how long it would take to resolve.

Mr and Mrs H have described the impact this has had on them, including living in a cold house for a prolonged period of time, having to rely just on the back door to enter and exit the property, living in a worsening condition with draughts coming through the cracks and not being able to use a large part of their house. As this has gone on for the best part of two years I consider the impact to have been significant.

Because of this, I agree with our investigator's recommendation that AXA increase the compensation to a total of £2,000 to apologise for the poor service and delays.

Mr and Mrs H have also highlighted extra cost they've incurred due to the repair work. Such as a broken window and the cost of electric heaters to warm their home. I agree with our investigator that if they are able to evidence these costs then AXA should reimburse them, with an additional 8% simple interest to make up for the time without the funds.

My final decision

For the reasons I've given, I uphold Mr and Mrs H's complaint. I direct AXA Insurance UK Plc to:

- Pay Mr and Mrs H a total of £2,000 compensation.
- If Mr and Mrs H are able to provide evidence to show the additional amounts they paid for the electric heating and repairs to the back door and window then AXA should reimburse these. It should also pay 8% simple interest on these amounts from the date Mr and Mrs H paid for them until AXA reimburse them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 15 June 2023.

Sophie Goodyear
Ombudsman