

## The complaint

Mr K and Mrs P have complained about their home insurer AXA Insurance UK Plc because whilst it started to repair their home after a water leak, it then stopped and paid them a settlement, which Mr K believes is insufficient, for the remaining work.

The claim has mostly been handled on AXA's behalf by a claim assessor. AXA is responsible for their actions and, as such, my decision will mostly refer to AXA.

## What happened

Mr K and Mrs P, who live in a bungalow, noticed damp on a bedroom wall adjoining their bathroom. They called AXA. It sent an assessor to look at the damage. It was determined that water was getting behind grout in the shower. AXA accepted the claim for repair. The bathroom was subsequently stripped out, with a temporary bathroom 'pod' being provided for the family to use. AXA wanted to strip the bedroom out but Mr K had some concerns because it was his office. AXA agreed to try and dry the bedroom wall from the bathroom side. But told Mr K, if that did not work, it would pay so his internet connection could be moved, so it could strip the bedroom.

The drying company felt there were a couple of problems with the property which might also be causing damp in the bathroom. They recommended that any repairs were done with a caveat that they may not last if these issues weren't fixed. After a while the drying company said the bedroom was not drying and as Mr K had refused access for stripping there was nothing more that could be done. AXA felt a cash settlement would be best. It asked Mr K to get quotes. And said it would pay £884 for all work in the bedroom. But also told him that if he repaired the issues identified by the drying company, it would complete the reinstatement of the bathroom.

Mr K was frustrated – AXA had taken his bathroom out but now wouldn't put it back. And he felt he had not refused it access to the bedroom. He appointed a damp specialist to fix any issues of damp in the bathroom. AXA reviewed matters but its contractors said they were still not happy to complete work. AXA said it would at least temporarily reinstate the sanitary ware. But then it told Mr K this could not be done either. Mr K had provided quotes to AXA, but it wasn't satisfied they were representative of the outstanding work needed and it felt the costs were exaggerated. It had its assessor total the outstanding repair cost. It explained to Mr K some of the issues it had with the quotes he had provided for the bathroom work (ranging from £5,280 to £8,340) and said the most it would pay would be £3,443 (£3,693 less the £250 policy excess). It said it would take the bathroom pod back too, on 2 June 2022. The sum was paid to Mr K on 4 May 2022. He asked about the payment for the bedroom and AXA said that was part of the overall payment. Mr K was unhappy. But he found a contractor who could do the work at short notice. And he complained to the Financial Ombudsman Service.

Our Investigator felt that AXA had acted unfairly, both to settle in cash and based on what it would have cost it to do the work. She shared detail with it of what Mr K had paid – £6,527.03 – comprising £4,000 for labour, around £200 for an electrician and lots of receipts for materials. She felt AXA should be settling the claim based on these costs, taking into

account its previous settlement, plus interest. She also felt it should be paying £300 compensation for the upset caused.

AXA said it couldn't agree to that. It said it had found causes for damage it wasn't liable for resolving and which Mr K and Mrs P hadn't fixed. So it felt it had good reason to stop its work and settle in cash. It said its costs were based on general market rates – so Mr K and Mrs P weren't disadvantaged as these were prices that would be accessible to them too. The complaint was passed to me for an Ombudsman's 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.

Having seen detail from AXA, I don't think it treated Mr K and Mrs P fairly. So I'm upholding the complaint in line with the findings issued by our Investigator.

I note from AXA's file that, from the outset, its assessing company was asking Mr K to settle in cash. I also note that Mr K did not refuse to have the bedroom dried – he did have concerns about the internet access, but he sent detail to AXA about the cost of moving that and asked it questions. As far as I see these weren't answered.

AXA chose to start repairing the property. And whilst it did identify issues with the property which might have affected its repairs, the drying company did not recommend that work should not continue. And I note that Mr K's appointed damp specialist did not identify the same concerns as that noted by the drying company. I'm also not persuaded that AXA ever set out clearly to Mr K what issues it had identified – I see it did speak with him about this. But his email contact shows he clearly did not understand the situation.

I also don't think AXA was clear with Mr K about getting quotes for the reinstatement work. And it certainly sent him mixed messages when talking about the costs. It agreed £884 for the bedroom, they then spoke about the bathroom, and AXA confirmed its final figure, only later clarifying this included the cost of the bedroom. That being the case Mr K would have been left with not even £3,000 to re-plaster and re-tile his bathroom, also reinstating the removed sanitary ware. And AXA's decision to stop work meant that any contractor Mr K might appoint would have to reinstate the old sanitary ware that it had not removed because AXA had whilst intending to refit it. When Mr K looked for quotes, the contractors he found weren't prepared to do that. I can understand why. And I'm mindful that in many complaints I see about bathroom reinstatements, problems do arise, even when the insurer is completing repairs, with reinstating old sanitary ware. That's not to say it should always just be replaced. But if the insurer is doing all the work then the chain of liability is clear. Whereas a contractor coming in part way through might naturally worry that if a fault occurs, which they believe has resulted from the way the sanitary ware was taken out, how it was stored or how long for, that could be difficult for them to show. If Mr K did replace his sanitary ware, AXA should be covering that cost.

I know AXA had some concerns with the quotes Mr K presented. It felt the costs allowed for tiling, for example, were too high. Initially also that plasterboard was being costed for, not rendered plaster. I'm not persuaded the latter makes much difference. And whilst AXA told Mr K that it thought the tiling cost was too much – I don't see that AXA ever said to Mr K; 'you had X type, Y size and Z colour of tiles before, you can get replacement of those for "£N" – that is what we'll pay, plus reasonable labour cost'. I'm also mindful that, when Mr K did get the work done, he had to find someone who could do the work at short notice. So, with one exception, and an allowance for some further consideration by AXA, I'm not persuaded that AXA has shown that any of Mr K's quotes, or the cost he eventually paid for work to be done, were excessive or equated to betterment.

The exception is plastering to the bathroom ceiling. AXA was clear with Mr K that the reinstatement programme did not require plastering of the ceiling. But his initially obtained quotes and the invoice from the contractor who completed the reinstatement, did include that work. So when AXA makes settlement to Mr K and Mrs P it can make a reasonable deduction for the cost of plastering the ceiling, taking into account any evidence Mr K and Mrs P can provide from their contractor as to the exact cost for that.

AXA can also consider what settlement is appropriate to reimburse Mr K and Mrs P's outlay for other costs incurred to complete that work. Mr P has presented a multitude of receipts as evidence of his outlay. AXA can consider them to satisfy itself they are in line with the work, other than replastering the ceiling, set out in the invoice (dated 11 May 2022).

I can see this has been a difficult time for Mr K and Mrs P. Their bathroom was out of action, with them having to use the pod for longer than they expected. And, I think better management of the claim by AXA would have limited that. There was also some frustration caused by the way AXA explained its settlement to Mr K – the offer for the bedroom became swept into the sums put forward when only the bathroom was being discussed. And it was only following challenge from Mr K that this was clarified. The sum for the bedroom could also have been settled much earlier as it wasn't subject to Mr K obtaining quotes.

### **Putting things right**

I require AXA to:

- Reimburse the labour costs, less a reasonable amount for plastering the ceiling, less the sum agreed for the bathroom work (before the policy excess was deducted), plus interest\* from the date the work was paid for until settlement is made.
- Consider the receipted costs incurred by Mr K and Mrs P for completing the bathroom reinstatement, and make a reasonable settlement to them for costs associated with the work set out in the contractor invoice dated 11 May 2022, apart from plastering the ceiling. With interest\* added to each amount which forms part of the settlement, applied from the date the cost was incurred until settlement is made.
- Pay £300 compensation for distress and inconvenience caused by its claims handling.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require AXA to take off tax from this interest. If asked, it must give Mr K and Mrs P a certificate showing how much tax it's taken off.

### **My final decision**

I uphold this complaint. I require AXA Insurance UK Plc to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs P to accept or reject my decision before 16 June 2023.

Fiona Robinson  
**Ombudsman**