

The complaint

Mr R has complained about his home insurer AXA Insurance UK Plc regarding its handling of his claim made when a water leak occurred at his home.

What happened

Mr R and his family returned home on 18 August 2022 after a short holiday to find a mains pipe in the upper floor bathroom of the home had burst. He tried to make a claim but was referred to an on-line process. On 25 August 2022 his claim was picked up and a loss adjuster appointed. Mr R and his family had to stay with his parents, it was 7 October 2022 before AXA arranged alternative accommodation for them. Subsequently AXA paid them a disturbance allowance for the period 18 August to 7 October 2023 and offered £50 compensation for the delay in the claim being logged.

A surveyor appointed on behalf of Mr R had completed a scope of work. But there were some issues with it. Mr R queried the content with the loss adjuster who referred him back to the surveyor. The surveyor's services were subsequently dispensed with and in early 2023 AXA said Mr R could appoint another surveyor, which it would pay for.

In March 2023 Mr R became concerned that payments were not being made in a timely manner. He told AXA this was preventing the claim progressing. On 29 March 2023 AXA made an interim payment to Mr R of £20,000.

Mr R complained to the Financial Ombudsman Service in March 2023 about how the claim had been handled to that point. He was particularly aggrieved with the delayed alternative accommodation arrangements. But he was also frustrated because when he was trying to get answers and progress matters, he kept getting passed between AXA and other companies, with even a representative of AXA saying it has had no involvement because it doesn't underwrite the policy (which it does).

Our Investigator began considering Mr R's complaint. And Mr R told him of new queries he'd raised with AXA. Our Investigator explained that, in this complaint he would consider what had happened up until 29 March 2023. He felt AXA had treated Mr R unfairly at the outset, including regarding alternative accommodation and in respect of its general service too – lack of ownership, communication and updates. He noted delayed payments and delays to the claim. He felt AXA should pay Mr R £1,350 compensation.

AXA agreed to the findings. Mr R said he did not. He felt £5,000 compensation would be more appropriate. He noted the disturbance allowance, emphasising this was paid regarding extra costs, not upset. In addition to the delays highlighted by our Investigator, Mr R felt AXA had caused at least a month of delay from 18 December 2022. Our Investigator confirmed that he had accepted there were delays in that period by AXA and that, in his view, £1,350 further compensation was fair and reasonable.

Mr R wasn't minded to agree. He asked 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.

As our Investigator explained, this complaint considers what happened, and how AXA failed Mr R, in the period 18 August 2022 to 29 March 2023. I can see that this has been a distressing time for Mr R. I am satisfied that AXA failed him and that it should be paying further compensation as a result. I note it has agreed to paying the sum suggested by our Investigator, but that Mr R thinks it's insufficient.

I accept that this claim got off to a poor start. AXA accepts Mr R was given poor advice and this caused his claim to be delayed right from the very outset. I can see that would be extremely frustrating and worrying for Mr R.

More problems then occurred with Mr R and his family not being offered assistance with living elsewhere until 7 October. In the circumstances here, and even noting that the loss adjuster identified a minor liability issue which AXA reasonably needed to consider, Mr R and his family shouldn't have been left in that situation. I can't see that they were ever even offered assistance on a without prejudice basis to cover being accepted, or that they were clearly informed about why nothing appeared to be happening. As identified by our Investigator, I think the overall handling of this claim, throughout the period I am considering here, was extremely poor in terms of lack of communication, updates and ownership.

A surveyor was appointed on Mr R's behalf in October 2022, and the claim was progressing in that respect at that time, but by 18 December 2022 Mr R had asked the loss adjuster for specific help in order that he could make some important claim decisions. He didn't receive an answer until January. Subsequently Mr R appointed a new surveyor, which AXA agreed to pay for, but there were then delays in payments being authorised. I note that in March 2023 Mr R had had cause to write to several different parts of AXA's group of companies related to his insurance cover, to try and progress things. And he even had to ask on several occasions for a sizeable interim payment to be made before this was finally paid on 29 March 2023. I've not seen any good reason why things took so long during these periods and I don't doubt the claim was delayed as a result. With Mr R being caused significant further inconvenience and frustration, not least as by this time he was seeing his home – where the moisture from the leak had never been remediated – start to deteriorate.

Having noted all of that, when thinking about fair and reasonable compensation, I have to bear in mind that the total period of upset I am considering here is relatively short – seven months in total. With the upset in December to March being somewhat limited to the claim not progressing as swiftly as it should have done. I don't doubt that the first month or so of the claim, when Mr R and his family were sleeping on the floor, sharing a small flat with relatives, were particularly difficult for him. And I note he has highlighted a previous decision by an Ombudsman colleague where compensation of £1,250 was awarded because alternative accommodation wasn't arranged for a month. Looking at that very broadly, I can see why Mr R thinks further compensation of £1,350 here is insufficient.

I have to acknowledge though that the circumstances of the complaint which was the subject of that previous decision were different to Mr R's. In that complaint the policyholder had remained living in their damaged home with no benefit of electricity or heating, and in winter. There are some general broad guidelines which we take into account in every complaint we consider. But it's important to remember that in each complaint we see, when applying those guidelines, we also take into account the very specific circumstances of the situation at hand, in order to determine, based on all that detail, what fair and reasonable compensation is. Here, I note AXA has paid or offered £50 previously. I do think it's fair and reasonable, in the circumstances of Mr R's complaint, to award a further £1,350. If the £50 has been paid already then that is all AXA now needs to pay.

As Mr R notes we award compensation separately to any disturbance allowance the insurer has paid or agreed to pay or which we find should be paid. I think the disturbance allowance AXA paid of £40 a day for the period before alternative accommodation was agreed, taking into account that the household consisted of three adults and one child, was fair and reasonable.

Putting things right

I require AXA to pay Mr R a further £1,350 in compensation, and if the previously offered £50 has not already been paid, that will have to be paid too.

My final decision

I uphold this complaint. I require AXA Insurance 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 R to accept or reject my decision before 30 August 2023.

Fiona Robinson
Ombudsman