

The complaint

Mr and Mrs C complain AXA Insurance UK Plc applied a proportional settlement to a claim against their home insurance policy.

What happened

Mr and Mrs C made a claim on their AXA home insurance policy following storm damage. AXA accepted the claim but considered Mr and Mrs C were underinsured. This was because they had stated the rebuild cost was £200,000, whereas based on AXA's measurements of the property of 182m², it considered the rebuild cost was about £295,000 – 182m² at £1,619 per m². AXA therefore agreed to settle the claim on a proportional basis – 68%.

Mr and Mrs C disputed this, saying the property was about 120m², meaning they weren't underinsured. They spent considerable effort challenging AXA's measurements and have pointed out AXA had initially measured the wrong property, and then gone on to give a variety of different measurements. Dissatisfied with how the claim was being handled and with the service they were receiving, they asked our service for an independent review.

In January 2023 the Investigator recommended the complaint should be upheld and the claim paid in full. This was because, in summary, he was more persuaded by Mr and Mrs C's measurements than AXA's. He also considered Mr and Mrs C had been provided with poor service and thought AXA should pay them £100 compensation in recognition of the distress and inconvenience they were caused.

Mr and Mrs C accepted the Investigator's recommendation. AXA didn't respond by the deadline, or to follow-up correspondence. By March 2023 Mr and Mrs C, wanting to move on, decided to accept the proportional settlement. AXA said it would pay this amount, but I understand the money hadn't been paid yet. AXA still hasn't responded to the Investigator's recommendation, so the complaint has been passed 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.

In the absence of any comments from AXA challenging the Investigators recommendation – or the reasons for it – I see no reason to depart from it. But for completeness, I'm also more persuaded by Mr and Mrs C's measurements than AXA's, meaning I'm not satisfied it was fair and reasonable for AXA to offer to settle the claim on a proportional basis. It follows I find AXA should settle the claim in full.

The Investigator recommended AXA pay Mr and Mrs C £100 compensation in recognition of the distress and inconvenience its service failings had on them. I don't consider this sufficient. AXA's communications around the measurements caused Mr and Mrs C a great deal of frustration as it presented a variety of measurements and rebuild costs, without any apparent reference to the contradictions or their arguments.

Further, AXA – through its inaction – has delayed this complaint by several months which had left Mr and Mrs C in a position of uncertainty and increasing frustration, as demonstrated by their decision to reluctantly accept the proportional settlement to bring matters to a close. It has now been over a year since the storm damage occurred. I find £500 compensation fairly and reasonably reflects the distress and inconvenience Mr and Mrs C were caused.

My final decision

I uphold this complaint and require AXA Insurance UK Plc, within 28 days of our service informing AXA of Mr and Mrs C's acceptance of my decision, to:

- Settle Mr and Mrs C's claim in full; and
- Pay Mr and Mrs C £500 compensation in recognition of the distress and inconvenience they've been caused.

If AXA doesn't make the above payments within 28 days of our service informing it of Mr and Mrs C's acceptance of my decision, it should pay simple interest* at 8% per year on the amounts from the date of my final decision until they are paid.

*If AXA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs C how much it's taken off. It should also give Mr and Mrs C a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 19 June 2023.

James Langford
Ombudsman