

The complaint

Ms P complains about how AXA Insurance UK Plc handled and settled her claim on her home insurance policy.

What happened

Ms P had home insurance that was underwritten by AXA. In December 2019 there was a small explosion in her kitchen that caused a fire. She made a claim that AXA accepted.

Initially it took some time for the claim to progress and Ms P was unhappy with the company that carried out the cleaning of her property. In July 2021 AXA agreed to place Ms P and her daughter in alternative accommodation while repairs were carried out. They also removed a large amount of her contents in affected rooms and put them into storage.

However Ms P remained unhappy with the work carried out by AXA's contractors. She made a large number of complaints throughout the claim about various elements of the settlement and her treatment by AXA and its contractors.

In October 2021 she remained out of her home, staying in a hotel. AXA said due to reaching an impasse it would offer a cash settlement instead of proceeding with further work itself.

Ms P was unhappy with this. She said it wasn't fair that this was being forced on her. She also remained unhappy that AXA had only paid £50 a day for her and her daughter to buy lunch and dinner when this hadn't covered her expenses.

AXA responded to her complaints across four final response letters. One issued in August, two in October and one in November 2021. It offered £400 for delays and poor service, but didn't agree the allowance it had offered for food was unreasonable. It also said that it didn't consider its decision to cash settle to be unreasonable, and agreed to pay additional costs for some fire damaged clothes and some shelves that were left outside by its contractors.

Ms P wasn't happy with AXA's responses and in April 2022 she brought her complaints to this service.

Our investigator considered the issues and recommended the complaint be upheld. In summary she thought AXA should:

- Pay the cash settlement based on market rates rather than AXA's own rates.
- Pay Ms P £750 compensation to apologise for the distress caused by enforcing a cash settlement.
- Reimburse Ms P for the damaged shelves if it hadn't already.
- Reimburse Ms P the full cost of the pest control experts who addressed the mouse and moth problem in the property, if this is greater than what it paid for this service.

- Reimburse any additional electricity or gas costs incurred due to the claim, based on proof of these costs.

However she thought AXA had acted fairly in other areas of the claim.

AXA didn't agree with our investigator's outcome. It said it didn't agree it had acted unfairly or unreasonably by enforcing a cash settlement as the claim had reached an impasse. It therefore didn't agree it should pay any additional compensation.

Ms P also didn't agree. She thought more compensation should be paid due to the impact on her and her daughter. And she thought additional items such as a mattress and her dining room chairs should be included in the settlement. She also provided various invoices to evidence the costs she had paid that AXA hadn't reimbursed. Finally, she didn't agree AXA had provided a fair amount to cover food while she was living at a hotel.

As agreement wasn't reached, the complaint came to me to decide.

In May 2023 I issued a provisional decision that stated as follows:

'Before I explain my findings, it's really important to be clear about the issues I can and can't consider as part of this decision. Ms P has made a number of complaints about this claim. However I can only consider those that have been addressed by AXA and are then brought to this service within the required six month time frame.'

Here, Ms P came to this service on 6 April 2022. The most recent final response letters issued by AXA were issued on 19 August 2021, 6 October 2021, 13 October 2021 and 18 November 2021. That means while I can consider AXA's decision contained in the last three, I won't be able to consider anything contained in the final response of August 2021, or any complaints before that time, as they've been brought out of time.'

I note Ms P has previously brought three other complaints to this service about the start of the claim and a more recent one about the latest developments. I will also not consider matters covered by these complaints as part of this decision.'

As there have been a number of complaint points covered, across numerous final response letters, I want to be clear about the points I will consider here. These are limited to the following:

- *AXA's decision to cash settle the claim.*
- *AXA's decision about the washing machine.*
- *The claim not progressing while the case handler was on annual leave.*
- *Ms P's claims for fire damaged clothes, the shelves that were left outside and the front door.*

Points made about alternative accommodation, disturbance allowance and subsistence allowance and how AXA responded to Ms P and her daughter's wellbeing while mentioned in more recent final responses, only refer back to the position laid out in previous final response letters. That means these points were addressed in those previous responses and so I am unable to consider these as part of this complaint.'

I'll address each of the issues above in more detail.

AXA's decision to cash settle the claim

Under the policy, AXA is entitled to settle a claim the way it sees fit. However when a claim requires a lot of work and involves alternative accommodation, I'd expect it to manage the repairs through its own suppliers, if its customer is in agreement with this.

Here, while Ms P has said she wanted AXA to carry out the repairs, she had been dissatisfied with its contractors' work at every stage of the process. And while I don't consider the concerns she raised to be unreasonable, the claim had got to the point where it was very difficult for it to move forward. And it seems likely Ms P would continue to be dissatisfied with the work completed. So I can understand why AXA offered a cash settlement, so that Ms P could select her own contractors and move forward with the repairs. I don't think it was unreasonable in doing so.

However when an insurer makes the decision to cash settle – rather than this being the decision of its customer – this service would expect it to pay the amount the work would cost its customer rather than just the amount it would cost it to do. Therefore I agree with our investigator that should any included items cost Ms P more than was included in the cash settlement, AXA should reimburse the difference on receipt of proof of the cost from Ms P.

I understand it was distressing for Ms P to be told that she would have to take on the repairs herself, as well as arranging her own accommodation and storage for her possessions. While this is an unavoidable consequence of offering a cash settlement, I think AXA could have handled the matter more sensitively. And given Ms P more time to accept the cash settlement. AXA offered the cash settlement on 5 October and gave Ms P until 20 October to accept. This is around two weeks and considering the number of elements of the claim that would need to be organised, I think this time frame would have caused Ms P some distress and inconvenience. Especially when considered in the context of an already stressful claim and the recent difficult bereavement Ms P has described.

Based on this, I think AXA should pay Ms P £400 compensation to apologise for how this was communicated to her and the distress it caused her. As I feel this is in line with this service's approach to other similar cases.

I want to add that I understand Ms P has experienced a significant amount of distress and inconvenience across this claim and that it has had a lasting impact on her and her daughter's wellbeing. However as part of this award, I am only able to consider issues that haven't been considered before. And AXA have already considered and made an award for the distress caused throughout the claim – this final response wasn't brought to this service

in the required time. Therefore the award I have made here is only for the impact of AXA giving little time for Ms P to consider the cash settlement and not its actions throughout the rest of the claim.

Washing machine

Ms P has asked that her washing costs are covered, as the fire has left her without a functioning washing machine. However AXA has said that it issued a cash settlement for a new washing machine in January 2020 so any further washing costs wouldn't be covered after this date.

Once a cash settlement is issued, it's for the policyholder to make arrangements to replace the item. And as Ms P was able to do so from January 2020 I think it reasonable that AXA declined to pay laundry costs after this date.

I note Ms P was in alternative accommodation from around July and would have therefore not have had easy access to her washing machine for the time she was in a hotel. However AXA offered to pay receipts for weekly laundry costs throughout the time she was in alternative accommodation and I think that's fair in the circumstances.

Claim not progressing during annual leave

I've not seen any evidence to suggest that Ms P's case handler going on annual leave caused any significant additional delays. Ms P was informed of the leave and had a contact to speak to in their absence. I therefore don't agree that AXA acted unreasonably in this regard or that it caused Ms P any detriment. So I won't ask AXA to do anything further relating to this.

Additional items

AXA has agreed to pay for the shelves that were left outside and the cost of the fire damaged clothing. I understand Ms P hasn't received full payment for both of these items in spite of the fact she has provided evidence of the cost. AXA should therefore reimburse Ms P for these amounts as soon as possible.

Regarding damage to the front door, I've not seen enough evidence to show that this damage was caused by either the claim or AXA's contractors. Should Ms P have further evidence she should provide this to AXA in the first instance and I'd expect it to consider this.

I note there are a few other items that AXA has agreed are covered as part of the claim but are yet to pay, such as the costs for pest control. Ms P should provide invoices for these costs directly to AXA so it can validate these.'

Response to my provisional decision

AXA didn't respond to my provisional decision.

Ms P responded to accept the decision. However she questioned why I had addressed points in relation to the claim not progressing due to annual leave and the damage to the front door, as she said she hadn't brought these to the ombudsman to consider.

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.

Ms P has questioned why I included points about the front door and delays due to annual leave. The role of this service is to assess how the business in question has resolved a complaint. As I explained in my provisional decision, this means we can only address complaints that have already been considered by AXA and have been brought to this service in the required time scale. I laid out in my provisional decision the complaint points I was able to address based on this, and this includes all points AXA addressed in its final responses of 6 October 2021, 13 October 2021 and 18 November 2021. And for completeness I addressed all points addressed in these responses.

As Ms P has accepted my provisional decision and AXA has provided no further comment, I see no reason to depart from the findings contained in that decision.

My final decision

For the reasons I've given I uphold Ms P's complaint and require AXA Insurance UK Plc to:

- Pay Ms P £400 compensation.
- Reimburse Ms P for the cost of the fire damaged clothes and the shelves that were left outside, if it hasn't already done so.
- Pay any additional amounts above what is included in the cash settlement if Ms P can show it has cost her more than what was originally costed, on receipt of proof of these additional costs.
- On any items that AXA reimburses Ms P for after she has paid for them, it should pay 8% simple interest on the amount from the date of the invoice until the date reimbursement is paid to make up for the time Ms P will have been without the funds.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 5 July 2023.

Sophie Goodyear
Ombudsman