

The complaint

Mr R complains about how AXA Insurance UK Plc (“AXA”) dealt with a claim he made on his home insurance policy following an escape of water at his home.

AXA Insurance UK Plc is the underwriter of this policy, i.e. the insurer. Part of this complaint concerns the actions of its agents. Since AXA accept it is accountable for the actions of the agents, in this decision any reference to AXA includes its agents.

What happened

Mr R has home insurance with AXA. The policy renewed in March 2022. It provides cover for damage caused by fire, storm, flood, escape of water, theft, malicious damage, and subsidence, amongst other things.

In August 2022 a pipe below the second floor en-suite failed. This led to an extensive leak which caused damage to Mr R’s home. As a result his home was uninhabitable and so he moved out with his family while the work was completed.

Mr R has had issues with the alternative accommodation. In particular that the works to his property were still being confirmed and the agreement for accommodation was due to expire in July 2023. Mr R had raised his concerns with the accommodation ending from at least May 2023. But even weeks before the agreement was due to come to an end he still hadn’t received any confirmation of whether it would be extended or whether he would need to move.

Mr R also complained there was a problem with his policy renewal continuing by direct debit, as it had previously. Despite many calls and email to AXA the matter wasn’t resolved and he was told the premium was increasing and he would need to pay it in full. Mr R complained and following this the policy was reinstated along with the direct debit instruction.

Mr R says he felt he was being pressured into loss assessor type agreement with the independent surveyor instructed to assess the scope of works and costings. AXA initially said Mr R needed to sign the agreement even though the agent wasn’t instructed by Mr R. Mr R refused to sign it as he was concerned AXA were trying to absolve its responsibility for the claim. It was finally agreed that Mr R didn’t have to sign the paperwork in order for the surveyor to proceed.

Mr R says there were delays with the loss adjustor report being sent to AXA. He says he emailed a copy of the reports he had to AXA on 17 April 2023 but AXA didn’t receive a copy of those together with the loss adjustors report until 4 May 2023. Mr R says this delay contributed to the general delays in progressing the claim.

Mr R wasn’t happy with the way his claim was progressing so he complained to AXA.

AXA said it was unable to offer Mr R a credit agreement to make payments by direct debit since the affordability checks weren’t successful. So it said Mr R could pay the annual premium in full, cancel the policy back to the renewal date, or have 30 days to find

alternative cover. After Mr R complained AXA agreed to reinstate the policy and offered him a credit agreement which allowed him to pay the premium by direct debit.

AXA said the increase in premium was following an assessment of the proposed risk and as a result of the most recent claim the risk has significantly increased, leading to an increase in the premium.

AXA said the surveyor and engineer reports were sent to the loss adjustor on 17 April 2023 and, in line with its process, the loss adjustor produced a report and submitted it for review. The report was reviewed by the Technical Claims lead, due to the suggested costs, the claim was submitted to the insurer on 4 May 2023. AXA accept there were delays and Mr R had to chase for updates. So, it paid him £200 in recognition of the inconvenience.

Mr R wasn't satisfied with the response from AXA so he referred his complaint to this service. One of our investigators looked into things for him. He said he didn't think AXA had acted fairly. The investigator said the cancellation and reinstatement of the policy should have been dealt with more proactively to avoid the distress caused. The investigator said he thought the delay in the structural inspection report and scope being sent to AXA could have been avoided and this added to the distress and inconvenience to Mr R. The investigator said the issue with signing the consultancy form could have been resolved sooner. He also said the alternative accommodation could have been managed more proactively, and there were delays from when Mr R first highlighted his concerns in May but a solution wasn't found until over two months later. The investigator recommended AXA pay Mr R £850 to recognise the distress and inconvenience caused.

Mr R didn't agree with the investigator's outcome. He said the compensation didn't reflect what he and his family had been through. Because Mr R didn't agree, 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.

There is a lot of information about the claim Mr R made, and I've reviewed everything provided. The detail is well known to both Mr R and AXA, so I haven't described the claim in any great detail here. I'll comment on any relevant evidence where appropriate to explain my decision. It is also not my intention to minimise the effect the claim has had on Mr R and his family. I recognise the impact the claim has had and empathise with the difficulties he has clearly faced.

I think it would be useful to explain my decision deals with matters arising after 29 March 2023. I'm aware Mr R has made a complaint to this service previously, and this has been dealt with separately.

Policy renewal

Mr R wasn't happy his policy was cancelled, the premium increased, and he was told he could no longer pay by direct debit. Given the issues Mr R was dealing with at the time, and the fact that he had an open claim, I don't think AXA acted fairly in its handling of the policy renewal. I would have expected AXA to have taken the particular circumstances into account; the extent of the work, how far the claim had progressed, and that Mr R wasn't living at home at the time of renewal. Mr R raised a complaint in order to get the matter resolved. I'm pleased that he was able to reinstate his policy and pay by direct debit after

AXA reviewed its position. But, given the way it was handled I am upholding this aspect of the complaint.

Alternative accommodation

Most buildings insurance policies provide cover for alternative accommodation. The purpose of the cover is to pay for the reasonable additional costs of temporarily rehousing the policyholder when their home becomes uninhabitable. I note the alternative accommodation was initially agreed for 12 months. As the end of the agreement approached Mr R raised concerns that he would be homeless if the accommodation was extended. I'm pleased to see that arrangements were made to rehouse Mr R but I think this could have been resolved sooner. Especially since the parties involved were aware that works hadn't commenced on the property. And I think the lack of clarity on the position regarding alternative accommodation would only have added to Mr R's distress and worry. And so, I'm upholding this aspect of the complaint.

Delays and claim progression

On review of the information provided to me by both parties I can see a lot of work has gone into trying to resolve the claim for Mr R. AXA has already covered some of the costs of the claim including a disturbance allowance and alternative accommodation costs.

I think AXA has tried to be fair to Mr R in agreeing to instruct the independent surveyor to assess the reports and validate the claim, and I think that's reasonable given the extent of the damage to Mr R's property.

I can see this matter has gone on for a significant period of time, with the initial escape of water occurring in August 2022. I appreciate AXA did try to assist Mr R during a difficult time, for example by arranging an interim payment for Mr R and agreeing for him to instruct his own surveyor to assess the works. But it seems the matter has been prolonged, contributing to further distress and inconvenience to Mr R. AXA didn't manage Mr R's expectations well since he was under the impression the work would commence or the claim would be paid in full once the initial independent report had been received. But that didn't happen.

So, I'm upholding this complaint and I will discuss this further below.

Mr R has complained about the handling of the claim. I've thought carefully about this, including how Mr R says he's been impacted by the issues. It must be noted that insurance claims like this are likely to cause some distress and inconvenience by their very nature, and that isn't the fault of the insurer. But, in this case, I think that further, unnecessary distress and inconvenience has been caused.

Compensation

AXA accept the level of service it provided fell short of what Mr R was entitled to expect. It also agreed with the recommendations of the investigator's view. Mr R didn't agree with the level of compensation but didn't comment on the investigator's findings.

I know my decision will come as a disappointment to Mr R who has clearly been through a stressful and frustrating time. I should explain that awards of compensation that this service can make aren't intended to fine or punish a business. We can award fair compensation that's an appropriate reflection of the impact a business's actions have had on its customer. So I've looked at whether the recommendation for compensation adequately reflects the inconvenience caused to Mr R.

AXA should have been able to organise and deal with the issues Mr R raised much sooner than it did. And the insurer's repeated errors and delays caused significant inconvenience for Mr R; as well as caused him a lot of worry and day to day disruption. There have been mistakes, periods of inactivity, and failures to communicate with Mr R. This has resulted in wasted time on his part making repeated calls and sending numerous emails to chase things up.

And had the claim been settled quickly and fairly in the first instance, I don't think Mr R would have needed to continue to engage with AXA, the various agents acting for it, and this service in an attempt to resolve the claim and move back into his home. I'm satisfied this has taken time and effort from Mr R, and I don't doubt it would have been both stressful and upsetting during that process. Our investigator recommended AXA pay Mr R £850 and I think this is reasonable in the circumstances; it's clear to me the impact has caused particular stress and upset to Mr R. So I intend to direct AXA to pay this amount.

Putting things right

I require AXA to pay Mr R £850 for the distress and inconvenience caused.

My final decision

For the reasons explained I'm upholding this complaint and direct AXA Insurance UK Plc to do what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 March 2024.

Kiran Clair
Ombudsman