

The complaint

Mr A and Mrs A complain about the way AXA Insurance UK Plc settled a storm damage claim under a Commercial and Residential Landlords insurance policy.

What happened

The details of this complaint are well known to all parties, so I won't set them out in detail. But, in summary, Mr A and Mrs A own a property that includes a retail and storage unit, and a flat. In 2020, the property suffered storm damage. High winds damaged the main roof causing debris to block the soil pipe. And this resulted in foul water backing up into the property.

AXA cash settled the claim in 2021. It says this was based on a scope of works drawn up by its agents and a loss assessor appointed to handle things by Mr A and Mrs A on their behalf.

Mr A and Mrs A told AXA they were unhappy with the cash amount. They didn't think it included repairs to all claim-related damage, their invoices, or their loss of rent. AXA said some items on the scope were excluded as they weren't deemed to be claim-related.

This dispute has been running ever since. After a complaint was raised, AXA sent another surveyor to the property. This was ultimately to consider whether claim-related aspects had been missed by previous surveyors, and to consider other things Mr A and Mrs A wanted it to pay for under the claim.

The visit took place in September 2022. Following this, AXA increased the settlement to £23,737. It also settled Mr A and Mrs A's loss of rent claim.

Mr A and Mrs A told AXA they remained unhappy, that the surveyor didn't demonstrate fairness, and used the wrong notes. They still think AXA failed to fairly indemnify them.

AXA didn't agree. It said, broadly, another surveyor attended with Mr A in attendance. They considered the property, the previous scope of works drawn up by agents – including Mr A and Mrs A's own assessor – and it reached a fair and reasonable outcome on the claim.

It recognised it failed to provide Mr A and Mrs A with an appropriate level of customer service and paid them £700 compensation in total. As Mr A and Mrs A remained unhappy, they asked our Service for an impartial review.

The Investigator didn't recommend the complaint be upheld. He thought AXA reached a fair settlement based on the September 2022 surveyors' findings. And it was reasonable for it to remove items from the scope that weren't deemed to be claim-related.

Following the Investigator's view, communication between him and Mr A has continued extensively. Mr A raised several points as to why they think AXA's cash settlement should be increased. As an agreement couldn't be reached, the complaint was 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.

Having done so, I've reached the same overall conclusions as our Investigator, for broadly similar reasons. I'll explain why.

Before I do, I should first set out that I acknowledge I've summarised Mr A and Mrs A's complaint in a lot less detail than they have presented it. They raised a number of reasons about why they're unhappy with the way AXA handled and settled this claim. I've not commented on each and every point they've raised.

Instead, I've focused on what I consider to be the key points I need to think about. I don't mean any discourtesy by this; it simply reflects the informal nature of our Service. I assure Mr A and Mrs A (and AXA), I've read and considered everything provided.

The claim

In essence, Mr A and Mrs A complain AXA failed to fairly indemnify them following a claim for storm damage. Prior to the September 2022 visit from AXA's surveyor, they said AXA had settled roughly 70% of their claim (what they think should have been paid to them) as far as they were concerned. And items were excluded from the claim without clear explanation.

So, in thinking about this complaint, I've thought about the key questions I must answer:

- Did AXA provide a fair cash settlement amount on the claim based on the information it had available to it; and
- Were items removed from the scope unreasonably.

To be clear, the terms of the insurance policy required AXA to pay for the cost of putting the damage right. In this case, Mr A and Mrs A appointed a loss assessor to handle things on their behalf. So, their role was, essentially, to represent Mr A and Mrs A's interests in this claim, ensure all claim-related repairs were considered, and drawn up in a scope of works.

AXA's role in this claim was to settle it by covering the cost of repairs put together by agents suitably qualified to do so.

Mr A and Mrs A's loss assessor reviewed the damage and said AXA should pay roughly £17,000 to settle the claim. AXA made some enquiries and it agreed to cash settle the claim.

But Mr A and Mrs A didn't think the amount was enough to put the property back into the position it was in prior to the loss. Therefore, AXA sent another surveyor to the property to meet with Mr A in person to review, broadly, what had happened so far, whether any claim-related aspects were missed, or unfairly removed. Following this, the cash settlement was increased to roughly £24,000.

I find this demonstrates AXA considered Mr A and Mrs A's concerns and acted upon them reasonably. It acted by appointing someone suitably qualified to review the claim afresh and this resulted in the cash settlement being increased.

Mr A and Mrs A remain dissatisfied because they say other things should be covered, such as damage to the electrics and a garage, amongst other things.

AXA considered these things but concluded they didn't form part of the scope of this claim. I'm satisfied this was a fair and reasonable conclusion. I say this because this conclusion was based on a surveyor's assessment, and I find this assessment to be thorough, balanced, and well-reasoned. As mentioned above, it was also undertaken by a suitably qualified person, and I have been presented with no evidence to persuade me it cannot be relied upon.

I acknowledge Mr A says the surveyor reported earlier on in the claim the salon was open and in operation at the time of their visit. And this was incorrect – he says the salon was closed at the time due to Covid-19 restrictions. It seems more likely than not to me the salon was closed. But I don't think this detail – also mentioned within the September 2022 report – should render the remainder of the findings within the report invalid.

I also acknowledge Mr A and Mrs A don't think the surveyor attended in September 2022 with an impartial view. But I haven't been persuaded to agree I could reasonably conclude that was the case. I say this because, while the surveyor didn't recommend AXA paid for everything Mr A and Mrs A wanted it to, they recommended further aspects be paid to conclude the claim.

Further, Mr A was present at this visit too and so I think it's fair to say he had the opportunity to highlight to the surveyor his main concerns.

I've also kept in mind here Mr A says a building company inspected the property and listed extensive works required in the garage, amongst other areas. But I also note, within that report, the total amount for repairs given was roughly £16,000 (excluding VAT). And this stated the garage required extensive work such as removing electrical wiring and rewiring it.

But AXA cash settled the claim by paying Mr A and Mrs A roughly £24,000 which – in my view – is significantly more than the amount quoted for by a building company who specialise in incidents involving fire and flood.

Mr A and Mr A have also asked AXA to pay for damage to loft insulation. But I find AXA's reasons for not doing so were fair. While I accept insulation was damaged, the insulation was damaged, essentially, because Mr A couldn't arrange temporary repairs for roughly 70 days which led to rainwater entering the loft. It's the responsibility of the policyholder to mitigate any further loss or damage. Rainwater entering a property over a period of roughly 70 days following an insured event is not something I'd expect an insurer to pay for.

Mr A and Mrs A also wanted AXA to pay for water damage in the ceiling lights, the main fuse box, and a meter unit as part of the claim. Mr A provided a report an invoice following works he had carried out in September 2023 – some three years after the claim-incident occurred.

To my earlier point, however, and in answering the first question above, I'm satisfied AXA provided Mr A and Mrs A with a fair cash settlement amount on the claim based on the information it had available to it.

It reached a settlement on the claim based on the findings of someone suitably qualified to assess whether it had fairly indemnified Mr A and Mrs A – or whether it needed to do more. And in this case, following a further visit to Mr A and Mrs A's property – with Mr A in attendance – it was recommended AXA did more, and the cash settlement was increased.

Therefore, it follows, I won't be requiring AXA to take any further action here.

Summary

In essence, Mr A and Mrs A appointed a loss assessor to act on their behalf. AXA later cash settled the claim after making its own enquiries, but Mr A and Mrs A thought AXA needed to pay them more to indemnify them. So, I find it was a reasonable step for AXA to take by sending a surveyor to visit the property to meet with Mr A in September 2022.

I find it was reasonable for AXA to increase the cash settlement amount to roughly £24,000 following reviewing the findings of the surveyor. And, as mentioned above, I'm not persuaded to agree with Mr A and Mrs A that this report failed to demonstrate balance, nor that AXA acted unfairly when relying on it to settle the claim.

I acknowledge that claims of this nature can be complex and will almost always lead to a certain degree of distress and inconvenience. I find much of the issues Mr A and Mrs A faced here were the result of the ongoing disagreement over the scope of works and subsequent cash settlement.

AXA recognised it could have handled matters much better at times and caused Mr A and Mrs A some unnecessary distress and inconvenience. It's paid them £700 compensation in total in recognition of the impact its poor service caused. I find that to be fair, reasonable, and proportionate in the circumstances of this complaint. Therefore, it follows, I don't require AXA to take any action here.

I accept my decision will come as a disappointment to Mr A and Mrs A. But it ends what we – in attempting to resolve their dispute with AXA – can do for them in this complaint.

My final decision

For the reasons I've mentioned above, I've decided not to uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to accept or reject my decision before 24 April 2024.

Liam Hickey
Ombudsman