

The complaint

Mr S is unhappy about the repair AXA Insurance UK Plc carried out as part of a claim he made under his landlord insurance policy.

What happened

I'll summarise the main points about this dispute:

- Mr S got in touch with AXA about a leaking underground pipe. It arranged for a drainage company, D, to deal with the claim.
- D accepted the pipe had been damaged by tree roots and was covered by the policy. It agreed to re-route the pipe to resolve the problem. However, when it returned to do this, D instead carried out a repair by replacing the leaking section of pipe.
- Mr S queried why D had changed its approach and not told him about it before carrying out the work. D said it had initially thought a repair wasn't feasible because of difficulty accessing the pipe. But when it started work, it was able to carry out the repair. It also said the age and material of the pipework meant it was likely more leaks would occur due to wear and tear and it recommended Mr S replace it.
- Mr S said this didn't match what he was told by D initially. He doesn't recall it saying there was any problem with access – he recalls it saying a re-route was required to resolve the problem properly, given the nearby tree may cause further damage. He was concerned the work D had carried out hadn't fully resolved the problem.
- AXA accepted D should have been clearer about the work it was going to carry out. It offered £125 compensation. But it thought the repair had resolved the leak, so it didn't agree to carry out any other work.
- Our investigator thought the complaint should be upheld. He wasn't satisfied AXA had carried out a lasting and effective repair as it accepted a risk of further damage remained unless the pipe was re-routed, given the nearby tree.
- AXA didn't think this was fair. It thought the repair it had carried out had provided a lasting and effective repair to the leak. Whilst it had noted the potential for further problems, it didn't think it was required to carry out preventative measures – which it thought a re-route of the pipe would amount to.

My provisional decision

I recently issued a provisional decision in which I said:

- The policy covers accidental damage to underground drains and pipes. AXA has accepted the leak was caused in this way.

- The policy says AXA may repair, reinstate or replace the damaged property. And permanent repairs made by its suppliers are guaranteed.
- This means AXA has the choice about how to put the damage right. However, it's a general fair and reasonable principle that any repair carried out should be lasting and effective. So it should properly resolve the damage for a reasonable period of time.
- In the context of this claim, AXA carried out a repair by replacing a section of pipe. I understand that's stopped the leak and the pipe is free flowing around the repair. So, as it stands, the repair appears to be lasting and effective.
- D's report says it suggested re-routing the pipe "due to lack of space" but "also to reduce the risk of future leaks due to large roots" and "repair may fail due to the location of the tree". I think this shows the re-route was motivated by access as well as the tree. And D's suggestion to re-route the pipe was in part because of the possibility the tree could cause further leaks in the future.
- AXA isn't required to ensure no further leaks are likely throughout the pipework. In my view that would go beyond an effective and lasting repair of the damage and would amount to preventative measures. I wouldn't expect AXA to do that.
- If there comes a point in the future where there's a further leak from or related to the section of the pipe that AXA repaired, Mr S is welcome to get in touch with AXA about it. I would expect it to bear in mind its policy guarantees its work. And the wider fair and reasonable principle to carry out a lasting and effective repair. Depending on the circumstances, AXA should consider whether there's more for it to do.
- As it stands, I don't think there's more for AXA to do. I'm satisfied it's carried out a lasting and effective repair, based on the currently available evidence.
- AXA accepted D should have been clearer about the work it was going to carry out and it should have explained why it didn't re-route the pipe. I agree – it told Mr S it was going to do one thing and then did another. That caused him avoidable distress and naturally gave him less confidence in D. I'm satisfied £125 compensation is a reasonable remedy to that, so I don't think AXA needs to do anything further.

Responses to my provisional decision

- Mr S said that because the pipe had suffered leaks previously, he explained to AXA that he wanted to have the pipework replaced or re-routed to avoid further problems. D agreed to re-route the pipework and that's why he paid his excess.
- However, D changed its approach without telling him, and carried out a repair. That's left him in a position where he would still like to have the pipework replaced or re-routed – so he doesn't think he's received any benefit from paying an excess. He said if he'd known D was only going to carry out a repair, he wouldn't have agreed to it or paid his excess – he would have the pipework replaced or re-routed.
- That information was shared with AXA. It agreed to refund the excess if Mr S has the pipework replaced or re-routed within six months.
- Mr S also shared information from a drainage company, G, that he thought supported his position. And he said D refused to offer a guarantee.

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.

- For the reasons I set out in my provisional decision, I remain satisfied AXA has met its policy terms and acted fairly in relation to the pipe damage. I'll explain why.
- The policy covers certain damage to the pipework and, in summary, offers to put that damage right. It should do so in a lasting and effective way. I haven't seen any evidence to suggest AXA has failed to achieve that.
- Whilst G has quoted to replace the pipework, it hasn't offered a professional opinion to explain why that work is necessary in order to achieve a lasting and effective repair of the pipe damage and/or why AXA's repair won't produce a lasting and effective repair of that damage.
- So, although I can understand why Mr S may wish to have the more comprehensive work carried out, it's not covered by the policy and hasn't been shown to be required to put right the damage in a lasting and effective way.
- Although D itself may not provide a guarantee, AXA's policy – which is the contract of insurance – says it guarantees the work. So AXA is required to do so. And it would be unfair if its repair wasn't lasting and effective. So if a problem were to arise which showed the repair wasn't lasting and effective, I'd expect AXA to take steps to put that right anyway.
- There's no dispute that AXA, through D, failed to communicate clearly with Mr S about the work it was going to carry out. That was unfair and I can understand why that's caused him distress and frustration. I remain satisfied that £125 is reasonable compensation for that.
- It's also clear to me that if Mr S had known AXA would carry out a repair only, he wouldn't have proceeded with the claim. He would have turned to G to have the pipework replaced. That would have meant he wouldn't have paid his excess to AXA – he would have put it towards the cost of G's work.
- As a result, I think AXA's agreement to reimburse the excess if Mr G has the work carried out within six months of the date of this final decision is fair. It means that if he pays for the work, he won't lose out on his excess due to D's poor communication. But if he doesn't pay for the work, he's received a claim settlement under the policy and so it's fair he's paid an excess for it.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 October 2023.

James Neville
Ombudsman