

The complaint

Mr H and Mr W complain about the way AXA Insurance UK Plc dealt with a claim on their commercial property insurance, particularly about delays and poor communication.

Where I refer to AXA, this includes its agents and claims handlers acting on its behalf.

What happened

Mr H and Mr W are joint policyholders of an insurance policy for a property which is rented out. They made a claim in November 2022 following an escape of water which had caused damage to the property.

AXA appointed a loss adjuster to validate the claim and contractors to carry out the work. Several site visits took place, and a mid-January 2023 start date was agreed.

Before work started AXA said the claim had been passed to the wrong claims handlers and should have been referred to a different firm. AXA now did that, which meant the claim process effectively started again.

Mr H and Mr W complained about this and in its response to that complaint, AXA acknowledged it had caused some delay and paid compensation of £450. They remained unhappy and referred the complaint to this Service.

Our investigator's initial view was that the compensation didn't adequately reflect the level of distress caused and recommended a further payment but AXA disagreed and said that was excessive. AXA asked for an ombudsman's decision.

In the meantime, the claim was progressing but Mr H and Mr W complained about further delays.

AXA responded to the further complaints in May and June 2023 respectively. It again accepted there had been delays and offered further compensation amounting to £450 in total.

As events had moved on and new final response letters had been sent, we reviewed the complaints together, taking into account the issues addressed in the May and June 2023 final response letters. Another investigator considered the complaint and said he thought the compensation AXA had offered in total – £900 – was fair. So he didn't think any further payment should be made.

Mr H and Mr W disagreed and they have now requested an ombudsman's decision. They explained that the work needed was now in hand but felt it could have been done much quicker, and they don't think the compensation is enough to reflect all the distress and inconvenience they have suffered.

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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The policy provides cover for the claim. And it's not disputed that there has been some delay. AXA has acknowledged this and offered compensation. In addition to the delay, the service provided was at times poor. For example, there were times when Mr H and Mr W had to chase for information which they were waiting for and to find out what was happening with the claim.

The issue here is the impact of the poor claim handling on Mr H and Mr W and whether the compensation AXA has offered is enough.

In this complaint I'm only considering what happened up to June 2023. I understand the claim has progressed since then but if Mr H and Mr W have concerns about how it was dealt with after June they would need to raise that as a fresh complaint.

The initial error delayed things by three months. During that period there were several site visits, where Mr H had to go to the property, in addition to phone calls about the claim. All of this was effectively unnecessary.

There was a further short delay between February and March 2023. Some of the delay from that point on was unavoidable. For example, there were problems relating to removing asbestos that had been found at the property. But AXA didn't keep Mr H and Mr W informed properly and they had to chase for updates, with some of their correspondence not being answered. This continued through to June. And they had explained they'd suffered some bereavements during this time. So the delays with the claim added to their distress at a time that was already difficult.

The period I'm considering is from November 2022 to June 2023, around seven months.. Making any claim like this one will inevitably take some time to deal with, and involve some trouble and inconvenience. But the delays meant it went on longer than it should have and the poor service added to the distress and inconvenience for Mr H and Mr W during that period.

Looking at the circumstances set out above, I think compensation of £900 is fair to reflect the distress and inconvenience suffered during that period.

AXA paid £450 initially. It then made further offers that came to £450 but which haven't yet been paid. I agree its offer of £900 in total is fair. So AXA should make the further payment of £450.

My final decision

AXA Insurance UK Plc has made an offer to pay £450 (in addition to £450 already paid) to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that AXA Insurance UK Plc should pay £450.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mr W to accept or reject my decision before 25 December 2023.

Peter Whiteley
Ombudsman