

## **The complaint**

Mr and Mrs W complain about AXA Insurance UK Plc's handling of a claim they made under their home insurance policy.

AXA is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As AXA has accepted it is accountable for the actions of the agents, in my decision, any reference to AXA includes the actions of the agents.

## **What happened**

In late 2022, Mr and Mrs W made a claim under their home insurance policy with AXA after an escape of water caused damage to their kitchen.

AXA appointed their approved suppliers to deal with the claim and a surveyor was sent to Mr and Mrs W's property to assess the damage. The surveyor offered Mr and Mrs W a cash settlement of £2,866.23 (less the £500 policy excess) for repairs. AXA also arranged for drying works to be carried out.

Mr and Mrs W provided quotes from contractors they'd found to do the work which were higher than the amount AXA had offered. The quote included screeding over the existing tiles.

AXA thought the quotes Mr and Mrs W had provided were too high. It also didn't agree that screeding was necessary. It suggested that Mr and Mrs W either get another quote or it could arrange for its own contractors to carry out the repairs.

Mr and Mrs W raised concerns that AXA's surveyor had underestimated the work that was required. They didn't think the surveyor's initial inspection had been thorough enough.

Mr and Mrs W agreed for AXA to appoint its own contractors to carry out the work. But they were concerned that AXA's contractors wouldn't carry out repairs to a satisfactory standard and the floor wouldn't be screeded as their own contractors had suggested. They questioned why they were being asked to pay the £500 policy excess to AXA's approved suppliers. They also raised concerns about the communication between the various parties involved.

AXA said Mr and Mrs W were required to pay the policy excess prior to a settlement being issued. The contractors couldn't visit their property to begin their survey / work without receipt of the excess beforehand.

AXA said the initial survey was non-invasive, meaning only the available damage would be considered. Should any additional damage be located during their claim, an amendment to the scope could be made. It said its approved suppliers would typically offer a cash settlement but if this was unsuitable or couldn't be agreed, AXA's own contractors could be instructed.

AXA acknowledged that communication from its approved suppliers had been poor and paid Mr and Mrs W £200 to compensate them for this.

Mr and Mrs W remained unhappy. They raised concerns that AXA's approved suppliers hadn't provided them with a breakdown of works as requested and didn't respond to their queries about the scope of works. They said they didn't want to deal with AXA's approved suppliers and asked for the claim to be cash settled without the excess being deducted.

In its second response to Mr and Mrs W's complaints, AXA apologised for poor service and awarded them an additional £75 compensation. It said it was required to put Mr and Mrs W back in a pre-loss condition. The quotes Mr and Mrs W had provided from their own contractors included elements of betterment rather than being based on what they had before.

AXA said its contractors had advised the nearest like for like replacement would be to provide a plywood flooring which is what had been costed for within its limit of liability. It was Mr and Mrs W's choice not to proceed this way, but this was the limit of liability the insurance provided cover for. It said the contractors had reviewed his and confirmed they could look to apply a screed but there would be no difference in price.

Mr and Mrs W asked our service to consider their concerns. Our investigator thought the cash settlement AXA had paid Mr and Mrs W for their claim was reasonable. But he agreed that AXA's communication with Mr and Mrs W was poor, and he didn't think £275 was enough to put things right. He recommended AXA pay Mr and Mrs W a further £175.

AXA accepted our investigator's outcome, but Mr and Mrs W disagreed. They said they were given no knowledge of the £475 reduction in settlement due to unnecessary work. They were never given the choice between having screed or plywood. AXA and its approved suppliers didn't put anything in writing. They felt £450 compensation was an insult after five months of stress and bullying tactics.

Mr and Mrs W said their main issue had always been the deliberate flawed initial survey. They believed "non-invasive" was due to a lack of care on the part of the surveyor and AXA's refusal to accept that.

They said they had to make up the difference in repair costs and still had the joinery repair outstanding.

As Mr and Mrs W disagree with our investigator's outcome, the complaint has been 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 broadly the same conclusions as our investigator. I'll explain why.

#### **Cash settlement**

The surveyor who attended Mr and Mrs W's property in December 2022 completed an inspection summary form which described the insured repairs in the kitchen and utility room. The form included an amount for building repair costs of £2,866.23 and said the settlement offered was £2,366.23 after the policy excess had been removed.

Mr and Mrs W have commented that the survey was flawed and that “non-invasive” was due to a lack of care. However, the form states that “*repair costs are based on insurer approved labour & material rates for the insured repairs evaluated during our non-intrusive inspection.*” So, I don’t think the surveyor was required to pull up the floor during the inspection.

Mr and Mrs W have shared information they received from AXA’s approved suppliers with frequently asked questions including:

*“What happens if the estimates I obtain are higher than the settlement amount calculated by the surveyor?”*

*Don’t worry just send the estimates to us and we will review these...*

*What happens if I find additional damage at my property?*

*This can happen, particularly with escape of water claims where it can take time for all the damage to manifest and become apparent. If you do notice additional damage following our inspection just get in contact with us...*

So, I think AXA made it clear that it would be willing to consider additional damage that hadn’t been found in it’s initial “non-intrusive” survey.

Mr and Mrs W say that further damaged was identified during the drying company works. I don’t think this has been disputed by AXA. But AXA’s approved suppliers considered the quotes Mr and Mrs W provided to be too high. There was also a disagreement about whether or not the floor needed screeding.

The policy’s terms and conditions set out how AXA settles claims. They say:

*“We may repair, reinstate or replace the lost or damaged property. If we cannot replace or repair the property we may pay you the loss or damage in cash or cash alternative (including vouchers and / or store cards). Where we can offer repair or replacement through a preferred supplier but we agree to pay you a cash or cash alternative settlement, then payment will not exceed the amount we would have paid the preferred supplier...”*

I understand that AXA has paid Mr and Mrs W a cash settlement of £2,866.23 (less the excess). AXA has provided us with a scope of work to show that it would have paid its preferred supplier £2,458.65 to carry out the work. The scope includes a costing for plywood underlay. So, it appears to have accounted for the additional work that was discovered during the drying works.

I appreciate that Mr and Mrs W had concerns about plywood being laid on the floor rather than it being screeded. However, the information they’ve provided from their own contractors suggests that screeding was recommended because putting down plywood would be more expensive due to the work involved. And AXA says plywood was the nearest like for like replacement to what Mr and Mrs W had before. So, I’m not persuaded that Mr and Mrs W’s property wouldn’t have been put back to its pre-loss position if AXA’s contractors had carried out the repairs.

The amount on the scope of works is lower than the cash settlement amount on the surveyor’s inspection report. I understand this is because certain items were removed, because they didn’t need to be replaced. I appreciate Mr and Mrs W are unhappy that they weren’t informed about this. However, AXA based the cash settlement on the amount showing on the inspection report, which was higher. So, they don’t appear to have lost out financially because of this.

In their response to our investigator's outcome, Mr and Mrs W said they understand the £500 excess payment. They confirmed they'd been paid £2,366.23 to settle their claim for repairs. Keeping in mind that the policy terms allow AXA to limit a cash settlement to the amount it would have paid its preferred supplier, I think the amount AXA paid to settle their claim was reasonable.

### Customer service

The relevant industry rules require insurers to handle claims promptly and fairly. It should provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress.

AXA has acknowledged that the service Mr and Mrs W received from it and its agents was poor. It's already paid Mr and Mrs W £275 for distress and inconvenience and has agreed to our investigator's recommendation to pay them an additional £175. So, I've needed to think about whether or not a total of £450 is sufficient compensation for the distress and inconvenience they've experienced.

From what I've seen, I think AXA's communication with Mr and Mrs W throughout the claim was poor. It didn't explain that the cash settlement wouldn't be paid until after the drying works were completed. Mr and Mrs W also raised concerns that AXA's supplier hadn't confirmed that it would pay for drying work in writing and AXA hadn't been able to reassure them over the phone.

Mr and Mrs W had to chase AXA's suppliers for approval for the drying company to remove tiles, which shouldn't have been necessary. There were also several occasions when Mr and Mrs W's emails weren't responded to.

I don't think AXA clearly explained the next steps for work to be carried out by its own contractors. It doesn't appear to have explained that it hadn't yet appointed a contractor to carry out the work because the £500 excess hadn't been paid. Its suppliers didn't respond to Mr and Mrs W's request for a detailed breakdown of work which may have provided them with some reassurance about the standard of repairs to be carried out.

In its response to Mr and Mrs W's complaint, AXA said that its contractors could have looked to apply a screed rather than plywood and there would be no difference in the prices for this. However, it doesn't look like this was communicated with Mr and Mrs W at the time.

Mr and Mrs W have commented that the compensation our investigator recommended was no more than a "slap on the wrist" for AXA who did not meet their professional standards in anyway. To be clear, our service doesn't have the power to fine or punish a business. We can only consider the impact of its actions and award compensation to put things right.

I don't doubt that Mr and Mrs W were caused considerable distress, upset and worry over a number of months because of AXA's poor handling of their claim. However, £450 is in line with the compensation our service would typically award for distress and inconvenience under the circumstances. So, while I empathise with Mr and Mrs W, I haven't found reason to increase this.

### **Putting things right**

Pay Mr and Mrs W £175 for distress and inconvenience.

**My final decision**

For the reasons I've explained, I uphold Mr and Mrs W's complaint and direct AXA Insurance UK Plc to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W and Mr W to accept or reject my decision before 21 December 2023.

Anne Muscroft  
**Ombudsman**