

The complaint

Miss D has complained about the way AXA Insurance UK Plc has dealt with a claim she made under her home and buildings insurance policy.

What happened

There was an explosion at a property near Miss D's home and this led to an immediate evacuation. In November 2022, after three months, Miss D was able to return to her home and she made a claim to AXA for damage under the buildings and contents section of the policy.

In November 2022 AXA gave Miss D the option to accept a cash settlement offer of £5,436.46 excluding VAT, with VAT payable on receipt of VAT invoice(s) – or Miss D could obtain three further quotes for the works.

Miss D said the cash settlement offer wasn't enough and so she provided further quotes for repairs.

In February 2023 AXA reviewed the quotes and decided to decline Miss D's claim in full. Miss D was very upset about AXA's decision – especially as it had previously made a cash settlement offer – and so she complained to AXA.

In July 2023 Miss D asked us to look at her complaint. She hadn't received a response from AXA despite chasing on a regular basis for an update.

In October 2023 AXA provided this service with an update on Miss D's claim. In September 2023 it had arranged for a second inspection of the damage at Miss D's home by a Surveyor.

AXA said it had decided to meet part of Miss D's claim under the buildings and contents sections of her policy.

In November 2023 the Loss Adjuster (LA) on behalf of AXA set out a revised offer to Miss D, which she didn't agree with. After deducting a combined excess of £500 for building and contents claims, the cash settlement offer was for £1,237.60.

Our Investigator thought the most recent cash settlement offer was fair. But she thought the delay and poor service provided by AXA was unreasonable. So she recommended AXA pay Miss D £750 compensation for the distress and inconvenience caused, and if it hadn't already done so, to pay Miss D the cash settlement sum of £1,237.60 and pay interest at our preferred rate of 8% simple interest a year from 14 February 2023, when AXA declined the claim in full.

Miss D initially accepted the Investigator's findings. AXA did too – and so it paid Miss D a cash settlement sum for £1,336.60 which included interest in respect of the agreed buildings and contents claims, along with £750 compensation.

But when Miss D received payment from AXA, it became apparent that there had been a misunderstanding. Miss D was expecting the original cash settlement offer of £5,436.46 excluding VAT, with VAT payable on receipt of VAT invoice(s).

So Miss D doesn't accept the Investigator's view and wants an ombudsman to decide. She is very upset that after all this time, she is out of pocket for repairs which she says she has had to pay for herself.

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.

Miss D's claim was made up of several parts which fell under both the buildings and contents section of her insurance policy with AXA. In summary she claimed for buildings damage to her outside wall, decking, a conservatory, and a shed which was being converted into a studio, a ceramic hob and electric switch.

Miss D made a contents claim for a washing machine which (with the hob and switch) she says was damaged by a power surge when the electricity was reconnected to the property following the explosion.

I cannot see any explanation behind why AXA offered Miss D a cash settlement of £5,436.46 in November 2022. The offer was given as one of two options – the other being that if Miss D didn't accept the cash offer, she could obtain three further quotes.

Miss D opted to obtain further quotes as she said the cash offer wasn't enough to cover all of the repairs. On review of those quotes, in February 2023 AXA made the decision to decline the claim in full as it said none of the damage being claimed for was caused by the explosion or any other insured peril, but by wear and tear. AXA said it would consider Miss D's claim for the contents and hob subject to an independent test showing a power surge had caused the damage.

Miss D immediately raised a complaint. Following a Surveyor's second visit in September 2023, I think AXA's decision to accept the claim for some of the damage – cracks to the outside wall and the replacement of the hob, power switch and washing machine – was reasonable. I think the reasons given behind the decision to reject the remainder of Miss D's claim for damage to the decking, conservatory and shed was fair. I haven't seen persuasive evidence to show that the damage to these areas of Miss D's home were caused by an insured peril.

But I think AXA caused unreasonable delays in the handling of Miss D's claim. There were no meaningful updates from February 2023 to September 2023 (seven months) when a Surveyor visited Miss D's home for a second inspection – and no further update given to Miss D about the outcome of that visit for another two months. During this time, Miss D regularly chased AXA for a response but didn't hear from it. I think this is very poor.

I think AXA has caused a loss of expectation by offering Miss D a cash settlement in November 2022, which it then withdrew in full in February 2023. And although I think it eventually reached a reasonable decision in November 2023, the time it took to do so was unreasonable.

I appreciate that Miss D wants AXA to meet the costs she has had to pay for repairs in full - or to at least honour the original cash offer it made. But I can't ask AXA to do that as I think it was reasonable of it to rely on the Surveyor's professional opinion following their visit in September 2023 as to what was covered under the policy.

AXA should compensate Miss D for the distress and inconvenience caused by its poor service. I think £750 is in line with awards we give in similar circumstances.

My final decision

My final decision is that I uphold this complaint in part. I require AXA Insurance UK Plc to do the following, which I understand AXA has already done in line with the Investigator's view.

- Pay a cash settlement for the agreed damaged items under the buildings and contents claims.
- Pay interest on the settlement sum at a rate of 8% simple interest a year from 14 February 2023 to the date paid.
- Pay £750 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 29 February 2024.

Geraldine Newbold
Ombudsman