

The complaint

Miss P complains that AXA Insurance UK Plc has unfairly handled a claim made on her landlords insurance policy.

What happened

Miss P has had the assistance of her managing agent throughout the claim and complaint process, but for ease of reference throughout this decision, I'll refer to Miss P only when referring to the collective actions of either party.

Miss P notified AXA of an escape of water claim in her rental property in late October 2022. This was identified as coming from an upstairs bathroom with water damage being noticed in the ceiling of the room below.

After the claim was raised, AXA asked for some additional information about the claim and potential repair costs and this was provided to AXA on 15 November.

AXA responded to say it would appoint a surveyor to assess the damage and highlighted it is likely the policy would not cover the costs to replace defective waterproofing such as a failed or faulty shower/wet floor tray.

The survey was completed on 12 December with the opinion being provided that the cause of the damage was not something covered under the policy. But it said the internal damage resulting from the escape of water was covered and it set out a basic scope of what was needed for this repair to be completed.

Miss P chased AXA multiple times for the details of the survey and its outcome soon after it was completed and after receiving no response by 13 January 2023, a complaint was raised about the delays.

On 2 February, AXA confirmed it was accepting the claim and internal damage to the ceiling but it did not agree to cover the damage at the source of the leak. It felt the damage in the bathroom had been ongoing for a prolonged period of time and this was clear with the chipboard having perished as a result gradually overtime. It offered a cash settlement for the damage it believed to be covered with £715.40 offered.

Miss P disagreed and raised further concerns about the claims process. She said the leak had not been ongoing for a pro-longed period of time and had never been noticed before. She said AXA allowed damage to become worse when it took almost 2 months to come and assess the damage after the notification of loss and then a further 2 months to provide a claim outcome.

AXA completed a review of the information but said it felt it had reached a fair claim decision. On 23 March it sent Miss P its final response to her complaint and said it believed there had been some delays to the claim process and it offered Miss P £150 in compensation for the inconvenience caused. It also made a further goodwill gesture of £50 for the delay in its response to the complaint with £200 in total being offered. It asked for Miss P to provide

details of where she wanted this paid so it could arrange payment.

Our investigator looked at this complaint and said they agreed that the overall claim decision was fair, based on the information provided. The pictures of the bathroom and shower demonstrated grout was missing and so the cause of the damage was likely the result of gradual ingress overtime. And unless it could be demonstrated otherwise, she felt AXA had handled the claim in line with the policy cover.

They didn't think AXA needed to cover any rent reductions Miss P had agreed with her tenants as the damage was not an insured event. So the loss of rental income cover was not something covered by the policy.

They said they could not comment on the award made for the complaint handling. But they felt the award for the distress and inconvenience was lower than it ought to be and they felt this should be increased to £200.

AXA accepted this increase and agreed to pay £200 for the distress and inconvenience of this matter.

Miss P disagreed with the findings. She said the bathroom was completely refurbished around 12 years ago and had been well maintained by the tenants in the property since this point. There had been re-grouting and sealing completed at different points and it was an unfair statement to say the bathroom was damaged from wear and tear and the facilities were reaching the end of their lifespan.

Miss P said it was unreasonable for her to be aware of the internal damage until the external damage was noticed and she had no way to know whether the internal chipboard was rotting. The claim handling and lack of expectation management to Miss P caused greater distress than ought to have been caused with the handling of the claim and she needed to source a builder who do the repair quickly to reduce the inconvenience on her tenants.

She also said that although she made the decision to provide a discount in rent to the tenants and this is not covered by AXA, the delay in its handling of the claim meant the problem could have been sorted much sooner had this been provided and she could have avoided this loss. Miss P said she had also not received any of the money offered with the cash settlement for the accepted damage to the ceiling and asked that this be paid immediately to help with the mounting expenses.

Our investigator's opinion remained unchanged and Miss P asked that the case be referred for decision.

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.

I've decided to uphold this complaint in part. I appreciate this is not the answer Miss P is hoping for, but I'll explain why I've reached this decision.

There is a number of elements to this complaint with concerns over the claim decision and whether this has been fairly reached and the overall claims journey with delays and inconvenience added during the process and the potential impact of these delays. I'll deal with these in turn.

Claims decision

As our investigator has highlighted damaged caused as the result of wear and tear is not something covered by Miss P's policy and AXA can apply this exclusion when considering the damage.

I appreciate Miss P feels the property has been well maintained and the bathroom was only refurbished completely around 12 years ago. But I need to consider what the condition of the bathroom was and whether it supports the fact that this is the case, or whether it ought to have been clear that gradual damage may have been happening overtime.

The pictures provided do not support the condition of the grout to be well maintained. Miss P has said previously re-grouting has been completed and re-sealing and I think this indicates a knowledge of the need to do this with water ingress being likely as this deteriorates overtime. However, despite any previous maintenance, there is visible damage and wear and tear to the tiles around the shower tray and I think it is clear this could have resulted in water ingress.

Overall, I don't think AXA has acted unfairly when declining the claim for damage to the bathroom and relying on its exclusion of wear and tear.

Miss P's policy does include damage for accidental damage and AXA has accepted the damage to the ceiling below the bathroom under the claim and offered a cash settlement for this. As the other damage is not covered under the policy, I think this offer to settle the claim is fair and reasonable.

Claim handling and delays

There has been delays in the handling of this claim and this is not disputed. When the claim was first made, AXA was waiting on Miss P to provide information to support the claim and potential costs and this took around three weeks to be provided. But after this, AXA took almost two months to complete the survey of the property and communicate its claim outcome.

During this time, a number of chasers were made by Miss P to AXA for an update on the next steps and the claim decision. Some of these chaser emails went unanswered and it is understandable why this added inconvenience to the claims process which could have been otherwise avoided.

I've not seen at any point that AXA was given notice that Miss P had agreed a rent reduction with her tenants because of the damage. So it was not clear whether the delay in the response was having any additional financial impact on her.

The policy does provide cover for loss of rent when the rent is impacted because of damage caused by an insured event. But the damage claimed for was not all covered under the policy. And while there may have been some inconvenience to Miss P's tenants when the ceiling needed repairing, it was Miss P's decision to allow a deduction in the rent for the loss of use of the en-suite bathroom until the damage here was repaired. So I don't think it is fair and reasonable to ask AXA to cover any shortfall agreed because of this loss of use as it was not the result of an insured event.

The delay in the claim outcome being provided after the property was assessed was beyond what I think is reasonable with it taking around 8 weeks for the decision to be communicated to Miss P after the survey was completed. There might always be some delay with the insurer needing to wait on or clarify information provided by a surveyor, but it is reasonable to expect this might be done within 2 weeks if not 4. So this time frame has been extended and it is right Miss P is compensated for this.

I appreciate Miss P feels this delay could mean that even if not provided as cover under the insurance, AXA should compensate for the increased period in time where she has received a reduced rental income. But I don't think this is a fair expectation.

Miss P has provided quotes for the repair works with estimates provided. Two were produced in November and a third on 1 December 2022. These were all completed ahead of the surveyors assessment of the damage and so Miss P, regardless of knowing the damage was covered under the insurance policy, had a schedule of work she knew needed to be completed to repair the damage. So I think she had the option to have the works completed sooner over allowing a reduced rental income for a period of time in place of this option.

I understand Miss P is not someone who could be considered a "professional" landlord and has explained this is her only rental property. But as a commercial asset, she still needs to make decisions on what is best with the property and its income. And when damage has been caused due to the general wear and tear on the property, this is a cost she will always have to bear. So I agree it is not fair to ask AXA to cover any reduction in income while the claim decision was being made.

Our investigator felt an increase in the inconvenience award to £200 was fair for this complaint. They said they could not comment on the additional £50 offered for poor complaint handling. This is not a regulated activity and does not come under the remit of this Service, so I have not considered this with the redress.

Some inconvenience when dealing with an insurance claim is always expected, it is the unfortunate reality of something going wrong and effort needing to be taken to put things right. When considering awards for inconvenience, this is to recognise this has gone beyond what can be considered reasonable.

Miss P's agent sent a number of chasers for Miss P to AXA in relation to this claim. But they are not AXA's customer and they are acting in their capacity as the managing agent, so any additional inconvenience on its part cannot be recognised. But it is clear that even if not needing to chase directly, Miss P will have been inconvenienced by the delay in the handling of this claim.

Taking everything into account, I agree that an award of £200 for the added inconvenience of this claim as a result of the delay is fair and reasonable.

Miss P has also highlighted that she hadn't previously received any payment from AXA for the accidental damage and what it had agreed to pay to cash settle this element of the complaint. If this has not already been paid, it is fair that this is made to Miss P.

Putting things right

If AXA has not already done so, it should:

- Pay Miss P £200 for the inconvenience added to this claim and the impact of this.
- The £50 goodwill payment offered in its final response.
- Settle Miss P's claim for accidental damage and pay the cash settlement previously offered in February 2023.

My final decision

For the reasons I've explained above, I uphold Miss P's complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept

or reject my decision before 13 November 2024.

Thomas Brissenden
Ombudsman