

## **The complaint**

Mr C and Ms L complain about the way AXA Insurance UK Plc handled its request to change their home insurance policy to a landlord insurance policy.

Both Mr C and Ms L are joint policyholders, but for ease, as Mr C has been the main correspondent, I've referred to him in the decision only.

## **What happened**

Mr C had home insurance with AXA. In early 2023, Mr C relocated overseas for work. He contacted AXA to change his home insurance policy to a landlord one, as he was renting out his UK property. AXA said it couldn't do that, as its landlords need to be resident in the UK. So AXA gave notice it would cancel the policy.

Mr C later complained to AXA. He said AXA initially said it couldn't insure his property as a landlord policy, but he then received a renewal letter from AXA after it had said it was cancelling the policy. He said all of this, at an already stressful time, was difficult. He said he'd had to get insurance elsewhere at a much higher cost. And the new policy didn't cover all of the risks that the AXA policy had.

AXA responded to the complaint in June 2023. AXA said it had tried to assist Mr C by giving him suggestions of alternative providers. But it did accept it had made a mistake in offering a renewal, and this had caused confusion. It offered £50 compensation to reflect the distress and inconvenience this had caused.

Mr C didn't accept that and a complaint was brought to this Service. He said he wanted AXA to offer him a policy or pay £1,300 which was the extra amount he'd have to pay for insurance over the next few years.

Our Investigator didn't think AXA needed to do anything differently. He said he couldn't make AXA provide a policy to Mr C. Whilst he accepted AXA had made a mistake in sending out its renewal letter, he felt £50 was enough to recognise this. He also said he didn't think AXA had cancelled the policy, he said AXA had told him it just hadn't renewed the policy.

Mr C asked for an ombudsman to consider the complaint. He said AXA hadn't adhered to the FCA principles of paying due regard to the interests of its customers and treating them fairly. He also thought AXA had cancelled his policy, as he was told by his mortgage company that he had an insurance cancellation on his record.

As Mr C didn't agree, the matter has come 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.

There are two issues to consider here, whether the policy was cancelled and AXA's refusal to offer a landlord policy. I'll first look at whether AXA cancelled the policy, as I understand there has been some confusion around this.

I've reviewed the notes from AXA's file. There is one from the end of May 2023 that says the policy will be cancelled on 5 June 2023. This was also repeated in AXA's complaint response letter to Mr C at the end of June. So I can see why Mr C thought AXA had cancelled his policy. However, AXA has told this service that the policy was never cancelled.

It seems to me that very shortly after AXA told Mr C it would cancel the policy, it mistakenly sent a renewal offer to Mr C. Mr C responded to that renewal accepting it. And at that stage, AXA reviewed the renewal, noted that Mr C no longer lived at the property and would be renting it out, and said it wouldn't be able to offer cover on those terms. So as the policy didn't renew, it lapsed at the end of the policy term.

As set out above, I can understand Mr C's confusion here. AXA has said given how close the policy was to renewal, and the events that superseded it, the cancellation never happened. This Service has confirmed this with AXA on a number of occasions. So I've no reason to doubt AXA hasn't cancelled the policy.

Whilst reviewing the matter, I've also confirmed with Mr C that he didn't receive the refund that would have been due, had the policy been cancelled. So I'm satisfied it's more likely than not that AXA didn't cancel it.

However, this wasn't made clear to Mr C. Even in its complaint response AXA refers to cancelling his policy. Mr C has said his mortgage provider told him he had a cancellation. He says it told him it could have assisted with cover but for the cancellation. I haven't seen anything from the mortgage provider which supports this. Mr C has provided me with emails with the mortgage provider on this issue. But it's possible that it was Mr C who told the mortgage provider about a cancellation – based on what AXA had told him – and it used this to assess whether it would be able to assist him with cover. In any event, I'm satisfied AXA didn't cancel the policy, so if it has recorded a cancellation on any internal or external databases, I require it to remove it.

Based on the above, I find AXA's failure to be clear about the policy has caused Mr C unnecessary distress and inconvenience. I'll return to this point later.

Mr C wants AXA to offer the cover he had before, but on a landlord policy. I don't think it's fair or reasonable for me to require AXA to do that. AXA has underwriting criteria and is entitled to decide which risks it is willing to insure, and which it isn't. From AXA's file I've seen its underwriting team was consulted, and it was confirmed cover wouldn't be accepted if the landlord wasn't living in the country. AXA does have to apply the FCA principles in its handling with customers, but this doesn't mean AXA has to offer Mr C a policy that it wouldn't offer to any other customer. It does mean that AXA should assist Mr C and I think it did this. When Mr C contacted AXA it gave him some brokers who may have been able to assist him. It should also give notice, in line with the policy terms, that a cancellation would be needed, to allow Mr C to cancel the policy himself, rather than have a policy cancelled by the insurer.

Mr C has pointed out that AXA said it would cancel the policy after seven days, not 21 days as the policy terms set out. However given it didn't cancel the policy because of later events, overall I don't think AXA treated Mr C unfairly. However, as I've set out above, it didn't communicate this well enough. I don't know if this has had an impact on Mr C's premium now he's found cover elsewhere. I haven't considered this as part of this complaint. But as part of this decision, I require AXA to write Mr C a letter to explain that it hasn't cancelled an insurance policy he held, and Mr C can share that with his new insurer to see if this would impact the premium he paid.

I don't doubt that this has been a stressful time for Mr C, he's moved country, had a house sale fall through and had to then rent out his property at short notice. However I can only award compensation for the impact of AXA's mistakes. Much of the inconvenience of Mr C needing to find alternative cover elsewhere would have still happened, given AXA didn't need to provide cover. But it has caused confusion to Mr C. It's offered £50 to recognise this which I think is fair and reasonable in the circumstances.

### **My final decision**

My final decision is that to resolve this complaint I require AXA Insurance UK Plc to

- Pay Mr C and Ms L £50 compensation, if it hasn't done so already;
- Write Mr C and Ms L a letter explaining it hasn't cancelled a policy held with it;
- Remove any record of a cancellation from any internal or external databases.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms L to accept or reject my decision before 28 March 2024.

Michelle Henderson  
**Ombudsman**