

The complaint

Mrs T complains about the way AXA Insurance UK Plc dealt with a claim on her home buildings insurance policy. She says there were unreasonable delays and she was left homeless at one stage.

What happened

Mrs T made a claim on her policy in March 2022 following an escape of water that caused a lot of damage at her home. AXA accepted the claim and appointed loss adjusters a few days later to assess it.

Arrangements were made for the property to be stripped out and dried. AXA offered to arrange for contractors to deal with repair work but Mrs T preferred to use her own contractors. She obtained estimates for the works.

Mrs T complained about the time being taken to settle the complaint and AXA issued a response to this complaint in September 2022. The events up to that response are not part of this complaint.

AXA offered a cash settlement of £18,200 but Mrs T had obtained a quote that was higher, at around £31,000. She had also instructed a loss assessor who put forward a claim on her behalf which was much higher.

The claim continued after September 2022, with ongoing discussions between Mrs T's loss assessor and AXA's loss adjusters. No agreement was reached on the settlement figure. Mrs T couldn't live in the house and was staying with friends or relatives. AXA agreed to pay her a disturbance allowance but there were delays paying this.

In July 2023 agreement was reached on a cash settlement of £35,000 together with a payment for the disturbance allowance. But Mrs T wasn't happy with the way the claim had been dealt with and made a further complaint.

AXA issued a response to this complaint in August 2023 saying:

- It had engaged a surveyor to prepare a schedule of works and made an offer based on that. The surveyor confirmed damp proofing needed to be done, and that wasn't covered by the insurance.
- The initial offer of £18,000 was based on estimates and was fair but it had increased this to £24,000.
- Mrs T's loss assessor was now seeking £40,000 but hadn't provided any evidence to substantiate that. There had been lots of conversations but no agreement was reached. So it made an increased offer of £35,000 which was accepted and this was issued on 15 July 2023, along with a disturbance allowance payment.

AXA said it hadn't caused any avoidable delays but there had been some occasions where communication was poor and compensation of £350 was paid to acknowledge this.

When Mrs T referred the complaint to this Service our investigator thought the complaint should be upheld. She said:

- AXA made three different offers to settle the buildings claim but hadn't provided any schedule of works to support these. The only schedule provided was from Mrs T's loss assessor and in the absence of anything from AXA to the contrary, it should pay that.
- AXA has paid a total £15,870 in disturbance allowance, which was reasonable, but it should reconsider this if Mrs T showed the repairs to her property made it uninhabitable for longer than the 12 weeks allowed for this.
- There had been delays with AXA making several different offers; this took a year to be agreed and wasn't reasonable in the circumstances. There were also delays making a disturbance allowance payment of around £6,000. Mrs T was sleeping in her car while AXA refused to pay the disturbance allowance it had already agreed. It also failed to try and help her find accommodation when she reached out for help.

Given these circumstances, the investigator recommended that AXA pay compensation of £5,000 for all the distress and inconvenience caused to Mrs T.

AXA didn't agree and provided further comments, including that the cash settlement of £35,000 had been agreed and paid. After considering the further comments, the investigator said if the settlement of £35,000 was agreed it wouldn't be reasonable to pay more but the rest of her view remained the same.

AXA then put forward an offer of £2,000 compensation but Mrs T didn't accept this and the investigator thought her recommendation was fair.

As no agreement has been reached, the complaint has been passed to me to determine.

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.

Mrs T's claim was covered by the policy but she's unhappy with how long it took for the claim to be settled and with delays making payments for disturbance allowance. She says this left her homeless at one point and she ended up sleeping in her car. AXA accepts there were some delays but says some of the delays were due to Mrs T's actions and considers the offer of £2,000 is fair.

In the end a settlement was agreed and paid so Mrs T could proceed with the repairs. AXA has made a fair settlement of the claim in relation to the damage. The issues I need to determine concern the delays in dealing with the claim and the disturbance allowance payments.

There was a lot of damage at Mrs T's home. It would always have taken some time to assess the claim, deal with the initial stripping out and drying of the property and then agree a schedule of works. I've also taken account of AXA's comments that it considered the claim was exaggerated. The initial figure proposed by Mrs T's loss assessor was very high (much

higher than any of the estimates) and it was reasonable for AXA to look into it carefully. Ultimately it agreed a settlement based on advice from a surveyor and estimates provided.

But there were some delays in dealing with the claim, particularly in relation to paying the disturbance allowance. This type of payment is generally made to cover the disturbance caused to the consumer and additional costs incurred while their home is uninhabitable. Mrs T has received a number of payments for disturbance allowance totalling £15,870. I think the payments AXA has made are fair but there were delays in making some payments.

In particular, a payment of £6,200 was agreed in October 2022 but wasn't then paid. In December Mrs T told AXA she was sleeping in her car. She asked for a payment to cover a deposit for renting a property but didn't get a response. The payment was eventually made in March 2023 but that delay left Mrs T with nowhere to stay.

She's explained the impact that had on her. She was in a vulnerable position at this time and it's unclear why AXA didn't react when it was aware of the very difficult circumstances she was in, which were placing a terrible strain on her. Taking into account what a distressing time that was for her, I think a payment of £5,000 is fair.

Although I've explained that the payments AXA made for disturbance allowance were reasonable, the final payment in July 2023 was made on the basis she would be out of her home for a further 12 weeks while the works were carried out. If Mrs T shows the repairs to her property made it uninhabitable for longer than 12 weeks I'd expect AXA to reconsider that.

Mrs T also made a claim for damaged contents. I understand that's still being assessed and it's not part of this complaint. Mrs T can raise a separate complaint if she's unhappy with the settlement for her contents claim.

My final decision

I uphold the complaint and direct AXA Insurance UK Plc to pay compensation of £5,000 to Mrs T for the distress and inconvenience caused to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 31 May 2024.

Peter Whiteley
Ombudsman